

# Laying the BRICS of a New Global Order

FROM YEKATERINBURG 2009 TO ETHEKWINI 2013

Editors: Francis A. Kornegay, Jr. & Narnia Bohler-Muller



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# Laying the BRICS of a New Global Order: From Yekaterinburg 2009 to eThekweni 2013

Edited by Francis A. Kornegay and Narnia Bohler-Muller



**Africa Institute  
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# Preface

In the recent period we have witnessed a tendency amongst some major Western powers to ignore and by-pass multi-lateral institutions in their quest to affect regime change in a number of countries including Iraq, Libya and the Ivory Coast. In this context multi-lateralism, in theory and practice, has to be asserted and fought for as a dominant form of international relations and international discourse as well as regional and continental integration.

BRICS is a welcome addition to the plethora of international bodies that we already have. It has, as this book so clearly demonstrates, the potential to emerge as one of the more powerful players in the world economy, in international diplomacy and in giving impetus to regional and continental integration in Africa, Asia and Latin America. Thus one welcomes the book *Laying The BRICS for a New Global Order* edited by Francis Kornegay and Narnia Bohler-Muller. Both are well-respected specialists in their field of expertise. They have written extensively on international issues, conflicts and challenges and have contributed to our knowledge and understanding of IBSA as well as BRICS.

There is, as the editors of the book and a number of contributors argue, an on-going inter-connectedness and inter-relationship between national, regional and continental unity and cohesion and more robust levels of economic growth and development in the constituent parts of BRICS.

It is projected that by 2050 the world's population will reach 9 billion. By that year, Africa will have about 2 billion and China and India combined beyond 3 billion. Add to that Brazil's and Russia's populations and it is clear that, at least from a demographic point of view, the BRICS countries are already a formidable force. They constitute a large market for the procurement and manufacture of goods and services, the tourism industry and foreign direct investment.

As Francis Kornegay in his chapter points out:

As such, BRICS has emerged as integral to this transitional process of change in the global political economy, a dialectic characterised by multi-regional dynamics. Geostrategically, BRICS straddles the global north and south, bringing together, in a 'semi-alliance,' the great powers of China and Russia with emerging 'middle powers' India, Brazil and South Africa. Further, BRICS symbolises a broader phenomenon of emerging state actors beyond Brazil, Russia, India, China and South Africa. Within the geopolitical interstice of this power-shift overlapping the north-south distribution of BRICS, each member state is caught



up in major reconfigurations of strategic landscapes at regional and intra-continental levels.

Amongst the BRICS countries, South Africa is by far the smallest in terms of GDP and population size. But it is the economic and financial powerhouse of the African continent and is blessed with some of the world's major reserves of critically important mineral resources. It enjoys international respect and credibility due to its anti-apartheid, anti-racist credentials and the post-apartheid evolution of democracy, stability and reconciliation and the promotion and protection of human rights, rule of law and a world-renowned constitution.

South Africa can only be a successful partner in BRICS if it articulates and pursues diligently the interests, aspirations, hopes and expectations of its regional partners in the SADC and the African continent. It must not be seen as a representative for narrow self-interest but as a representative of the region and the continent. It must eschew any form of narrow self-interest where its own need for economic growth and development and direct investments takes precedence. That means, among other options, punting the region and the continent as priority areas for investments, manufacturing, infrastructure and other services.

South Africa has a very important role to play in pushing forward a progressive international agenda. However, as Francis Kornegay asserts:

The realisation of this ambitious potential poses a series of challenging questions to a South Africa mired in the frustrating domestic politics of factionalism within the ruling alliance and political class. This factionalism is a major distraction from South Africa's work in consolidating a national integration project in economic as well as in social, cultural and political terms, allowing it to advance a compelling BRICS agenda within and beyond Africa.

Can and will South Africa elaborate the kind of disciplined governing architecture and policy apparatus that will allow it to achieve its strategic potential as Africa's leading economy in advancing regional and continental integration? As Africa's incumbent economic engine, such an agenda could well allow the republic to fill a leadership niche within the African Union, not unlike Germany's centrality within the EU's core-periphery dynamics.

In this most interesting book the editors have brought together a formidable array of academics, commentators, analysts and thinkers from the BRICS countries. It is a major contribution to deepening the knowledge and understanding of the internal dynamics of each country and their influence

on regional, continental and world developments. Working in concert and in partnership they can have a major influence and impact on giving multi-lateral institutions a progressive identity and direction.

In so doing BRICS can be at the forefront of asserting the power, authority, form and content of multi-lateralism. To be a fountain of hope for multi-lateralism, BRICS has to be creative, open, transparent, fearless and confident. It must have the courage to implement policies and decisions without delay and procrastination.

**Dr Essop Pahad**

Editor, *The Thinker*

## Acknowledgements

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Two institutions feature importantly in the production of this volume. This includes the BRICS Policy Center in Rio de Janeiro where co-editor Narnia Bohler-Muller served as a visiting fellow, enabling her to work on her contribution to this volume. In this regard, a debt of gratitude is owed to the Center's General Coordinator, Dr Adrianna Abdenur, one of our contributors. Major gratitude is owed to long-time friend and Director of the Africa Program at the Woodrow Wilson International Center for Scholars, Steve McDonald. He made it possible for the project leader of this volume to serve a four-month stint as a public policy scholar to finish the bulk of the work on this volume and to begin a process of planning a conference on US-BRICS relations. Without this fellowship and the incredible support of intern Suzanne Zakaria who did the editorial backstopping on all chapters submitted, it is no telling how we would have got through the production process of the manuscript in meeting the submission deadline. Ms Zakaria is an exceptionally promising international relations undergraduate at Pennsylvania State University. Complementing her work was the assistance received from my son, Jason Thabo Kornegay, a graduate of the University of Cape Town who organised and synthesised author abstracts. This enabled us to gain an overview of the 23 chapter submissions making up this volume in terms of organising their placement and sequencing.

Special thanks is owed to the Institute for Global Dialogue Director, Dr Siphamandla Zondi, in supporting the project leader's four-month absence from the IGD to focus on completing this volume. This put some strain on the Institute's limited staff resources. He was also supportive of the visiting fellowship in late October/early November 2011 to the Observer Research Foundation in New Delhi. Here, special thanks goes to ORF Vice-President Samir Saran and Distinguished Fellow, Ambassador HHS Vishwanathan for receiving the project leader on a brief stint organised by former Indian

Deputy High Commissioner to South Africa, Shambhu Kumaran, with the support of High Commissioner Virendra Gupta.

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Finally, there are our family members whom we must acknowledge for the moral support and endurance they show in tirelessly sustaining our scholarly efforts. These go to our spouses Dr Ellen Nelly Kornegay and David Muller respectively. Finally, for the project leader, acknowledgement and tribute must go to the ancestral inspiration from the leadership models that have guided his life: his father, Dr Francis A. Kornegay, Sr. and maternal grandfather, the Reverend Dr John Malcus Ellison.

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# Abbreviations and Acronyms

|             |                                                                                 |
|-------------|---------------------------------------------------------------------------------|
| ACS         | Association of Caribbean States                                                 |
| ALBA        | Bolivarian Alternative for the Americas                                         |
| ASEAN       | Association of Southeast Asian Nations                                          |
| BIMSTEC     | Bay of Bengal Initiative for Multi-Sectoral<br>Technical & Economic Cooperation |
| BNDES       | Brazilian National Development Bank                                             |
| CES         | Eurasian Common Economic Space                                                  |
| CGETI       | Contact Group on Economic and Trade Issues (BRICS)                              |
| CHIMEA      | China-India-Middle East-Africa 'Indian Ocean Nexus'                             |
| COMESA      | Common Market for Eastern and Southern Africa                                   |
| CSD         | South American Defense Council                                                  |
| CSTO        | Collective Security Treaty Organisation                                         |
| DBSA        | Development Bank of Southern Africa                                             |
| DIRCO       | Department of International Relations & Cooperation (S. Africa)                 |
| EAC         | East African Community                                                          |
| FOCAC       | Forum for China Africa Cooperation                                              |
| FTAA        | Free Trade Area of the Americas                                                 |
| GCC         | Gulf Cooperation Council                                                        |
| GEMs        | Global Economic Models                                                          |
| IBSAMAR     | IBSA Maritime Exercises (India-Brazil-South Africa)                             |
| ICC         | International Criminal Court                                                    |
| IOR-ARC     | Indian Ocean Rim-Association for Regional Cooperation                           |
| IPEA        | Brazilian Institute for Economic Applied Research                               |
| IPRI        | Research Institute on International Relations,<br>Brazilian Foreign Ministry    |
| ITEC        | Indian Technical and Economic Cooperation                                       |
| MDGs        | Millennium Development Goals                                                    |
| MEA         | Ministry of External Affairs (India)                                            |
| MENA        | Middle East and North Africa                                                    |
| MERCOSUR    | Southern Common Market (South America)                                          |
| NAM         | Non-Aligned Movement                                                            |
| NEPAD       | New Partnership for Africa's Development                                        |
| NSG         | Nuclear Suppliers Group                                                         |
| ONGC Videsh | National Oil & Natural Gas Company of India                                     |
| REC         | Regional Economic Community                                                     |

|         |                                                              |
|---------|--------------------------------------------------------------|
| RIC     | Russia-India-China Ministerial                               |
| RMB     | Renminbi (China's currency)                                  |
| R2P     | Responsibility to Protect Doctrine                           |
| SAARC   | South Asian Association for Regional Cooperation             |
| SACOIR  | South African Council on International Relations (DIRCO)     |
| SACU    | Southern African Customs Union                               |
| SADPA   | South African Development Partnership Agency (DIRCO)         |
| SCO     | Shanghai Cooperation Organisation                            |
| SSM     | Special Safeguard Mechanism (agricultural import protection) |
| TTA     | Trilateral Trade Agreement (IBSA/Mercosur, SACU, India)      |
| UDHR    | Universal Declaration of Human Rights                        |
| UNASUR  | Union of South American Nations                              |
| UNECLAC | UN Economic Commission for Latin America and the Caribbean   |
| ZPCSA   | Zone of Peace and Cooperation in the South Atlantic          |



# Prologue: How Did We Get Here?

*Narnia Bohler-Muller and Francis A. Kornegay, Jr*

## CONTEXT

**T**he contributions in this compilation on the emergence of a new global order through BRICS serve to illustrate the complexities inherent in the creation of such a coalition – alternatively referred to as a ‘grouping’, ‘association’ or ‘forum’ – with each country differently situated geopolitically as well as ideologically and culturally, and in some instances even in conflict with one another in matters of regional peace and security. The fact that there are important commonalities of converging interests, amongst others the status of emerging economic powers and the furtherance of South-South cooperation as well as reforming global governance, cannot and should not hide complexities and contradictions.

These are apparent both within and between the BRICS countries. These diversities are also clear from the varied perspectives of the chapter authors in this compilation, which is why we have assembled this collection relatively loosely as a means of expressing our intellectual and analytic convergences and divergences within and across BRICS. Each chapter contributor writes from a different disciplinary, country and regional perspective, and it is this diversity that enriches the debate and conversation. As such, there remains enormous room for debate on the subject matter of this book and the diverse contributions open up the parameters of the debate even further. The aim is to ensure that scholars, commentators and practitioners continue to engage critically with theory and practice related to global multilateralism and to BRICS in particular.

## BUILDING A RESEARCH AGENDA

Brazil, Russia, India and China (BRIC) had their first Summit in Yekaterinburg, Russian Federation, in June 2009. They came together as a platform to share views on how to respond to the challenges and opportunities presented by globalisation and the need for global systemic reform. As is well known, the BRIC concept was coined by Jim O'Neill of Goldman Sachs in 2003. Motivated by Wall Street tendencies toward investor promotional branding, the idea was to identify countries that had the fastest growing economies. They were characterised by bulging middle classes, promising markets and were likely to overtake the G7 in GDP (the US, the United Kingdom, France, Italy, Canada, Germany and Japan) as best performing economies by 2040. It is also well known that South Africa did not feature in O'Neill's initial configuration, and debate still continues as to why South Africa, dwarfed by the other four economies, was included to transform BRIC into BRICS. This is a debate that continues in the pages of this book.

The first leadership summit's statement declared the need to establish a multi-polar world order as well as reform of the world's financial systems. Since then, the BRIC group has taken measures to improve their cooperation in global affairs of mutual interest by hosting annual summits. There have also been several inter-governmental (track 1) and government-supported civil society (track 2) meetings. The focus has been on developing cooperation amongst emerging powers and those of the global South while working together toward creating a more democratic global order.

The Brazilian government organised a 'Conference of Think Tanks' following the first such unofficial meeting of non-governmental specialists at Yekaterinburg on the side of the first summit. This second gathering coincided with the follow-up summit in Brazil in April 2010. It was held back-to-back with the IBSA summit and academic forum. This 'think tank' structure was initiated to allow open discussions on all research issues deemed relevant to the BRICS, from economics to finance and international relations.

The idea was to bring together scholars, commentators and decision makers to participate in debate and to work together to find commonalities that would assist in strengthening this new multi-lateral grouping. It was envisioned that think tank meetings would take place just before the leadership summits and field recommendations for consideration at the summits. It is this concept that has also informed the compilation of this book. It aims to allow voices from each country to add to the richness of the debate and to take it to the next level. In order to facilitate this aim, varied ideologies are expressed in the chapters in this volume, thereby allowing this book to serve as an open platform for honest interaction, and there

has been an explicit effort not to impose a particular academic style on contributions.

The third think tank symposium entitled ‘Development, Cooperation and Shared Prosperity’ was held in Beijing, China, from 24 to 25 March 2011. It was the first time that a team from South Africa attended since South Africa was invited to join the group in December 2010. As indicated above, this was much to the surprise of many pundits and economists who observed that South Africa was dwarfed by the other emerging economies, and that South Africa’s democratic human rights culture did not sit well in a forum alongside Russia and China. This meeting, hosted by China, arguably moved away from the initial Brazilian vision of open debate and became a pre-set and highly structured agenda in accordance with the operational patterns of the host country. But such a departure was to be expected given the diversity of political cultures within BRICS.

In March 2012, from the 4th to the 6th, the fourth think tank meeting was held in New Delhi, India. It was billed as an ‘academic forum’ instead of a ‘think tank symposium.’ Hosted by the Observer Research Foundation (ORF), the forum adopted the theme ‘Stability, Security and Growth’ linked to the objectives of the fourth leadership summit. It is important to point out that the ORF also conducted the intellectual ‘spade work’ for the first BRIC summit in Russia.

South Africa’s involvement to date (after being invited to join the BRIC forum in December 2010), began with the Department of International Relations and Cooperation (DIRCO) sending a delegation of South African experts and scholars to the Beijing symposium held prior to the Sanya summit hosted by China in April 2011. The aim of the meeting of 60 scholars at that symposium was to draft a list of recommendations for consideration by the BRICS leaders. As such, the symposium of think tanks has become a lead-in supporting event for the annual leadership summit. As of 27 March 2013, the first round of leadership summits had been completed and each country had acted as a host.

The first think tank delegation fielded by South Africa to the 2011 symposium was led by DIRCO’s Policy and Research Analysis Unit (PRAU). The host for the Beijing symposium was the China Centre for Contemporary World Studies (CCCWS) and the China Foundation for Peace and Development (CFPD). The team comprised the two co-editors of this volume along with Fadl Nacerodien (DIRCO/ PRAU), Mari-Lise du Preez (South African Institute of International Relations), Hennie van Vuuren (Institute for Security Studies), Stephen Gelb (University of Johannesburg), David Monyae (Development Bank of Southern Africa), and Hannah Edinger (Gordon Institute of Business Science). In the recommendations proposed for consideration by the leaders in April 2011, the scholars and experts

stated that the leaders should pay attention to the changing international context; sluggish economic recovery; governance issues; reform of the international economic and financial architecture; sustainable development; and climate change. Many of the ideas that gave rise to this compilation were birthed in Beijing.

In the opening speech at the 2011 symposium, Mr Sun Jiazheng, Vice Chairman of the National Committee of the Chinese People's Political Consultative Conference and President of CFPD, made three suggestions regarding cooperation among BRICS: (1) undertaking intensive studies, and recommendations on issues that concern BRICS; (2) focusing on major areas of international finance, international order, world peace and stability; and (3) strengthening exchanges between think tanks of BRICS. This last priority was taken forward under the leadership of DIRCO in preparation for the 2013 events.

This involved an ongoing investigation into establishing a BRICS-specific think tank in South Africa (the only one of the five countries that does not have such a body to facilitate national research) as well as creating a cross-cutting BRICS think tank network to ensure active interchange between scholars and experts within and across BRICS. This focus on research, the sharing of knowledge, information and ideas, as well as capacity building has been taken forward through the creation of a BRICS Think Tanks Council (BTTC), comprising the five national think tanks, namely Institute for Applied Economic Research (JPEA), Brazil; National Committee for BRICS Research (NRC/BRICS), Russia; Observer Research Foundation (ORF), India; China Centre for Contemporary World Studies (CCCWS), China; and the Human Sciences Research Council (HSRC), South Africa. The HSRC was appointed by DIRCO and the Department of Higher Education and Training (DHET) as an 'incubator' for the national think tank for a period of 12 months, in order to coordinate research within South Africa and to work with the other BRIC think tanks to organise the next Academic Forum in 2014. This book goes a long way in illustrating what is possible through the coordination of a research project that includes views from each country, not only of governments but also of practitioners and scholars, many of whom have participated in symposia and forums in the past, and who are members of national think tanks and their partner institutions.

## DEVELOPING COOPERATION

Generally, since the inception of BRIC, and then the birth of BRICS, there have been calls for an alternative model of development in which BRICS countries do not repeat the same mistakes committed by the developed

world (or the 'West' and the 'North'), especially in the light of the global economic recession. Views have also been expressed that BRICS should act as a bridge between the developing and the developed countries. In addition, the possibilities of broadening BRICS to include Indonesia, Turkey, South Korea or Mexico have been mooted, although Russia has openly opposed ideas to expand the group. In effect, however, the G20 already provides a platform for many of these emerging economies along with the BRICS as an extended 'caucus' within the G20's governance framework. Hence, the possibility of a BRICS+6 configuration has been mooted.

In preparation for South Africa's hosting of the group in Durban in 2013, there was much debate about how effective BRICS is and how it can become more effective in future in order to attain the lofty ideals of 'peace, security and development in a multi-polar, inter-dependent and increasingly complex globalising world... on the basis of universally recognised norms of international law and multi-lateral decision-making'. This is a discourse that was central to discussions at the 4<sup>th</sup> BRICS academic forum in New Delhi. As part of South Africa's preparations for the 2013 academic forum and leadership summit, Cabinet approved the formation of a BRICS Inter-Ministerial Committee (IMC), A BRICS Inter-Departmental Technical Senior Officials' Team (IDTSOT) and a BRICS Inter-Departmental Logistics Team.

These were also established to ensure the smooth running of events in Durban.

Thus far, the two areas where cooperation among the BRICS has been most fruitful are trade and development finance. Trade ministers have already reached a master agreement on extending credit facilities in local currency (called the BRICS Interbank Cooperative Mechanism) and progress has been made in exploring the establishment of a BRICS bank for infrastructure and sustainable development projects. Finance ministers of all five countries have been tasked to explore its feasibility. They reported back to the Durban summit and the outcome is discussed in more detail in the epilogue to this book, which focuses on the latest developments as well as the way forward for BRICS. It is clear that at present BRICS members are united in their concerns about the under-representation of the developing world in multi-lateral institutions such as the World Bank and the International Monetary Fund (IMF), and arguments have been made for the reform of the United Nations and specifically the Security Council (UNSC), of which China and Russia remain the only permanent members, although India, Brazil and South Africa served terms as non-permanent members of the UNSC in 2011.

Moves toward internationalising BRICS currencies, especially China's Yuan, and exploring the feasibility of establishing a BRICS development

bank are indicative of the growing momentum towards the transformation of the global economic and financial architecture. As such, the potential of BRICS to effect changes in global governance generally and global economic governance in particular has stimulated discourse on international systemic change at a variety of international forums, symposiums and conferences. And the debate continues within these pages.

Indeed, the original creation of the notion of a 'BRIC' grouping of emerging market economies by Goldman Sachs, as an investment marketing 'brand' for asset fund managers, had already given BRIC-turned-BRICS a level of profile not shared by other non-Western multi-lateral groups, such as IBSA for example. However, the political launching of the BRIC forum as a revisionist reform vehicle for forcing change in the global economic and financial architecture has elevated this Wall Street 'branding' to a new level that has attracted global attention – and criticism – and led to the emergence of BRICS as a powerful player on the international stage.

Apart from the track II think tank/academic symposia, another major source of contributions to this volume came from the conference hosted by the Woodrow Wilson International Center for Scholars on 28 June 2011 under the theme, 'BRICS: Shaping the New Global Architecture.' This conference was a collective effort by programmes and institutes within the Woodrow Wilson Center involving the Africa Program, the Brazil Institute and the Kennan and Kissinger Institutes amongst others. In part this conference was a follow-up to a 2009 round table held two years earlier on IBSA. It reflected what has been an uneven and somewhat reluctant attempt by Washington and its policy establishment to come to terms with the existence of another universe in the international system: emerging powers and the global South. Interactions with colleagues at the BRICS Policy Centre (BPC) (together with the Institute of International Relations of PUC-Rio and the City Government of Rio de Janeiro) situated in Rio de Janeiro also informed the development and progress of the volume, with researchers from the centre contributing both directly and indirectly to the book.

In conceptualising and executing this compilation the editors endeavoured to move away from what has tended to be an overly economic approach to BRICS and the issues in global economic governance it grapples with. What we have endeavoured to do is to delve more deeply into its geo-strategic parameters and 'political economy' as these pertain to individual BRICS countries and the regional, continental and global governance challenges they face individually and collectively. As such, this volume consists of a compilation of contributions that are not intended to tell a final story of BRICS nor serve as a purely academic resource that does not take into account the vast array of dynamics that inform the BRICS discourse. It is hoped that there might be a little something for everyone: economists;

international relations researchers and scholars; 'policy wonk' denizens inhabiting the world's think tanks; students and general readers who care to be informed about the complexities of new developments and debates that are informing today's post-colonial and globalised world. The reality is that everyone is talking about BRICS, whether positively or negatively, and this compilation adds new dimensions to the many conversations already taking place and evolving. These include issues of civil society participation, global capital, trade unions, the environment and climate change, to name but a few.

## SHIFTING POWER RELATIONS AND GEOSTRATEGIC INTERESTS

Clearly BRICS is about much more than the arcane world of economics and finance. Above all, given the fluid state of the world in the first two decades of the 21<sup>st</sup> century, it is about international politics and the geopolitical terrain in a shifting strategic landscape. Within the context of this shifting landscape, the West is in relative decline, which is inevitable as countries, societies and regions of the world that were once comparatively weak and dependent have become stronger and, as a result, are empowered to leverage more influence in the international arena, which is shifting power relations and undoing the North/South dichotomy. However, the relative decline of the United States of America and Europe should not be misinterpreted as a 'zero-sum' phenomenon comparable to the Cold War East-West polarity. Such ideological blinkers should be discarded as global dynamics at play are by no means unilinear as counter-shifts are also palpable.

However, it is true that geopolitical-ideological residues from the bipolar era of US-Soviet contestation have remained active within the geographical realms of the BRICS countries, and it is the need to navigate this residue that has influenced how this volume has been structured. The structuring of this compilation, containing contributions from commentators and scholars from each of the five BRICS countries, has been informed by the geostrategic diversity of the BRICS grouping and the editors have determined a need for this 'split' to be reflected as a means of our understanding of the geopolitical character and contradictions that make up the bigger grouping and inform the way it will grow and develop.

Thus, for purpose of our efforts, BRICS has been disaggregated into two geostrategic sub-groupings or 'sub-systems': the northern hemisphere's Eurasian domain of the Shanghai Cooperation Organization (SCO) co-led by Russia and China, and the global South IBSA troika of India, Brazil and South Africa (despite the fact that technically India falls in the northern hemisphere).



Although there is much talk of South-South relations, 'Sino-Russia' is not part of the 'global South', despite the fact that both Russia and China are substantially aligned with the transformative agenda of the South. China and Russia are countries at the coal-face of post-Cold War power-jockeying with the US and the EU, and they are 'peer powers' with the West as befits their permanent status on the UN Security Council, a status conferred by the 'post-war settlement'. Accordingly, the first section of this volume is devoted to 'The Shanghai Cooperation dimension' of BRICS in order to contextualise BRICS as it relates to the fluid east-central Eurasian scenario. Even here, however, geopolitical-economic identities are fluid in as much as Moscow is currently embarked on accession to the Organisation of Economic Cooperation and Development (OECD)

Situating BRICS within the global South agenda comes more naturally to the India-Brazil-South Africa (IBSA) Trilateral Dialogue Forum. These multicultural democracies are the leaders of 'South-South Cooperation' with their IBSA Trust Fund back-stopped by the Special Unit on South-South Cooperation (SUSSC) of the UN Development Program (UNDP). Each country's geopolitics is largely shaped by its regional power positioning within its respective continent, with India straddling the SCO as well as IBSA. India is an observer member of the SCO and is engaged at a ministerial level with Russia and China in 'RIC.'

The IBSA countries are united not only by their characteristic of multicultural democracy and shared norms and ideologies but also importantly by the geography of the adjoining South Atlantic and Indian Oceans. A reason proffered for the inclusion of South Africa into the BRIC fold is the fact that South Africa occupies a strategic position at the tip of Africa, serving to incorporate the continental hinterland and coastal littorals into the east-west global geostrategic landscape. Such is the status of South Africa as the 'gateway to Africa' although this is not a position officially recognised by the African Union.

It is clear that, although the BRICS generally pursue different growth paths with different macroeconomic parameters and varied institutional strengths, there seems to be considerable optimism in certain quarters as to the advantages of this 'union'. The growing role of the BRICS can also be evidenced by the rapid recovery of these economies from the global financial crisis. This has demonstrated that optimal global economic policy making cannot be undertaken without including the BRICS economies at the highest level. In addition, beyond economics, the geopolitical role of BRICS is becoming increasingly relevant on the world stage. BRICS is here to stay, and now is the time to start imagining a new global order that does not repeat the mistakes of the past.



# Laying the BRICS of a New Global Order: A conceptual scenario

*Francis A. Kornegay, Jr*

...no convincingly universalist response exist today to Western ideas of politics and economy, even though these seem increasingly febrile and dangerously unsuitable in large parts of the world...The 'Washington Consensus' may lie in tatters, and Beijing's Communist regime mocks – simply by persisting as long as it has – Western claims of victory in the Cold War and the inevitability of liberal democracy. But the 'Beijing Consensus' has even less universal application than its Washington counterpart...

Pankaj Mishra, 2012

Why is Europe in this downward spiral of mutual resentment? Because of the basic design flaws of the euro certainly. Also because of mistaken economic policies in some of the 'peripheral' countries of the Eurozone and, more recently, in the northern core...*Yet, the deepest cause is the mismatch between a single currency area and 17 national polities. The economics are continental; the politics are still national.* (italics added)

Timothy Garton Ash, March 29, 2013

## INTRODUCTION

Understanding BRICS requires locating this grouping within a global integrationist pattern of transition. Call it post-Westphalian and post-Wilsonian in an accelerating Age of Global Integration.<sup>1</sup> BRICS also symbolises an age of re-emergence; this is after centuries of non-western humiliation at the hands of a Euro-American west wherein simmering wells of outrage, resentment and yearnings for redress run deep.<sup>2</sup> The economics of 'BRICS laying' is but the tip of this iceberg. It involves a compulsion to

catch up and reclaim lost civilisational ground at all cost, even at the cost of civilisation itself! Even at the risk of the planet's carrying capacity.

But integration is unmistakably the leitmotif of this re-emergence and international relations generally. This is characterised by: converging forces of economic interdependence, technological change and informational hyper-connectivity intertwined with humanity's advanced reintegration; this dimension reflects an expanding but complex demography of population expansion, urbanisation and migratory movements imposing hyper-consumptive impacts on ecosystems, natural and man-made alike.

All in all, what is being witnessed is a critical mass of convergence eclipsing the *sovereignty* of the nation-state as the essential basis of the international system. Only an adaptive evolution from sovereign independence and Wilsonian self-determination toward variations of autonomy interacting with greater governance integration in the global political economy seems likely to guarantee a sustainable future as the 21<sup>st</sup> century unfolds.

BRICS is on the revisionist cutting edge of this transition. As expressions of 'emerging economies' reclaiming anew great power status in a global system long dominated by the West, Brazil, Russia, India, China and South Africa constitute fitting points of departure for speculatively navigating the global integrationist scenario; it is one driven by their quest for a transformed strategic landscape. Thus, BRICS, for the purpose of this chapter, is conceived as a convenient tool for conceptualising a much wider and deeper phenomenon of global change. Here, the operative assumption is a trajectory toward long-term systemic economic, political and security integration.

Global integration is not conceived as an idealist vision of a desired future. What is attempted is an examination of its implications as reflective of trends constituting multiple geopolitical power struggles over integrationist terms and conditions. Involved here is an interplay of power shifts and adjustments occurring between and among contending state actors and coalitions. They unfold within the context of a global capitalism in crisis, one interacting with strains on the outdated institutional architecture of post-war liberal internationalism.

Intimately intertwined in these dynamics are competitive as well as complementary integration initiatives influenced by aspiring great power agendas. As such, they revolve around regional powers. They tend to be motivated by strategic compulsives which will be elaborated on later. Suffice it for now to suggest that these motivating forces entail power-driven impulses toward optimising a state's relative positioning within the international system.

The aim is to expand and consolidate control over the flow of or access to resources, markets and strategic benefits in driving economic growth momentum while enhancing national prestige. Thus, international systemic change becomes pre-conditional for such aspiring state actors. Nevertheless, their freedom of action is inevitably mired in constraints of regional and global interdependence. These powers are not as sovereign as they imagine.

BRICS can therefore be defined as a major coalitional actor within a global 'terrain of struggle' over the future shape of the international system. It is indelibly economic in its stakes. The actual social forces in play animating this struggle, however, are beyond the writ of this chapter. These require a more in-depth analysis than can be rendered here. Otherwise, what is involved is a global geopolitics of energy security. This interacts with bids to internationalise currency alternatives to the US dollar relating to terms of trade and investment, including reforming global institutional governance.

For China in particular, BRICS is but one vehicle for advancing an agenda aiming to open up new markets and trading patterns; it is driven by overlapping, sometimes competitive, regional agendas within the BRICS and amongst other emerging and developed state actors alike. The ensuing dynamics are shaping regional and interregional contours of multipolarity within a polycentric global transition.

There has been both hype and scepticism about BRICS. As a phenomenon, it reflects the transitional state of play in an international system casting off the last vestiges of Western global supremacy. But Europe ironically forms the central fulcrum around which this wider global scenario must be intellectually engaged. The seeming existential crisis of European integration may foreshadow the birth pangs of the next evolutionary stage in the transitioning global political economy.

With Europe once again centre-stage, the realities of economic integration may mean that the Eurozone's tumult is but prologue to the global future in the making. Outlining this next phase reflects movement toward a system of *global economic federalism*; it will be bound together by a limited supranationalist political framework for enforcing coordinated economic governance at regional and continental levels.

Thus, the Westphalian system that began in Europe is ending in Europe. (Indeed, it ended in the Second European Civil War and its Pacific extension against imperial Japan.) This reality, brought home by Eurozone turmoil, exposes the conservatism of a non-Western intelligentsia in a quandary regarding the conceptualising of an alternative world order; this cluelessness concerns discerning where, exactly, a BRICS-led revisionism of the

non-West ought to be headed in achieving an equitable and sustainable power equilibrium. For zero-sum is the path to extinction!

A universalist ethical, ideological and normative alternative to Western liberalism similarly eludes political imagination. Meanwhile, regional integrationist trends in the non-West, let alone in the West, have already bypassed default intellectual and political attachments to the fiction of 'national sovereignty.'

Europe cannot avoid confronting this fiction. Hence, calls for a 'United States of Europe' finding renewed currency in the euro crisis. This may signal a harbinger of things to come in spite of predictable anti-EU nationalisms spawned by this crisis.

The EU is, after all, the world's default supranationalist model. Moving beyond it, under the force of the euro crisis, means accelerating movement toward more Europe and less Germany in resolving the proverbial EU 'democratic deficit.' This ultimately entails continentalising popular sovereignty, which reached its limits within the confines of the nation-state circa 2012. The alternative could threaten a populist renationalising trend no one wants to see gain momentum.

Thus, the EU unfolding predicament may be indicative of how global interdependence unavoidably leads to global integration. But getting there is involving dangerously high risks of destabilisation.<sup>3</sup> The German-imposed politics of austerity backed by other northern governments against the southern Mediterranean states are exacerbating regional fault-lines intertwined with class polarisation throughout the Eurozone. However the EU survives this turbulence, the Europe that emerges may likely foreshadow a series of geo-economically-driven political convergences evolving toward a quasi-federalist global order.

The Southeast Asian ASEAN wants to emulate the EU by 2015 as does the African Union in its quest toward an African Economic Community. The European scenario may well propel a trend toward state subsystems wherein national sovereignty steadily erodes into varying degrees of national-state autonomies within economically, if not manifestly politically, federalist frameworks.

This does not mean the demise of the nation-state. It means the *eroding of its sovereignty*. Out of this erosion may emerge a system that brings some politically structured governing rationality to a situation succinctly described by *Financial Times* commentator Philip Stephens. He observed that the 'powers that once resided in nation states have been lost to global economic integration.'<sup>4</sup> Hence, the notion that the conceptual signature of the current conjuncture is an Age of Global Integration.

What, then, does all this have to do with BRICS? And what in fact is this thing called 'BRICS'? As an umbrella bringing together great and middle

powers, BRICS may be considered a *revisionist coalition of multi-lateral and strategic utility in negotiating the terms of transition toward a new international system of federated global economic governance*.

As such, BRICS has emerged as integral to this transitional process of change in the global political economy, a dialectic characterised by multi-regional dynamics. Geostrategically, BRICS straddles the global North and South. It brings together, in 'semi-alliance,' the great powers of China and Russia with emerging 'middle powers' India, Brazil and South Africa (India and Brazil being aspirant 'great powers' with South Africa best viewed as catalytic for raising an integrated Africa to this status).<sup>5</sup>

Further, BRICS symbolises a broader phenomenon of emerging state actors beyond Brazil, Russia, India, China and South Africa. Within the geopolitical interstice of this power shift overlapping the north-south distribution of BRICS, each member state is caught up in major reconfigurings of strategic landscapes at regional and intra-continental levels.

In some cases this involves a clash of regionalisms involving competitive integration agendas. This could potentially exacerbate contradictions within BRICS itself. This begs the question of what BRICS is and isn't. Its real centre of contradiction resides within the ambivalent Russia-India-China (or RIC) ministerial 'triangle,' in its northern Eurasian expanse.

Contradictions or not, Western liberal internationalism is confronted with coming to terms with a pluralistic revisionism of the non-West. That said, what BRICS must navigate is treading a fine line between reformist revisionism in global economic governance and a polarising economic cold war with the West.

BRICS, in effect, is at the forefront in ushering in what is becoming a post-Western phase in global integration. Without BRICS, there would be no compelling vehicle giving 'voice' to the changing balance of forces in the international system, and for mobilising those forces into an agenda-setting momentum in the politics of redress.

BRICS functions primarily at the political level of global economic governance. There has been a temptation to erroneously see in it a force for influencing events in international political and security affairs as well. But Syria's descent into civil war exposed that fallacy.

As semi-industrialising countries, the BRICS are caught in transition between developing and developed economic status in addressing challenges of sustainable development as well. This is where, during climate talks, BRICS mutates into the BASIC quartet (minus Moscow). Sustainable development, after all, is central to each country's developmental agenda in national integration processes extending into the realms of regional co-operation and integration. But herein lay contradictions between the BRICS

and lesser to least developed economies complicating the geopolitics of integration.

## BRICS AND THE DYNAMICS OF GLOBAL INTEGRATION

As a vehicle of multi-lateral utility in navigating the geopolitics of power shifts, the integrationist challenge the BRICS confront amounts to the calibrating of integration at several levels:

- National integration (in building internally unified markets that are socially cohesive with national identity);
- Regional integration grounded in multinational economic community building with prospects of political federalism;
- Continental integration extrapolating from regional community building;
- Global integration in the federated networking of regional and continental economic communities within a globalised centre-periphery architectural dichotomy of governing institutions.

Within a prospective integrationist international relations paradigm, the emergence of the BRICS inevitably begs numerous questions for which there will never be sufficient answers. These have to do with where the current fraught global scenario is headed and how each member state situates itself within such a global integration dynamic.

How are integration challenges, manifested in each country's approach to internal nation building, interacting with regional relationships, which tend to be unequal? This concern links to consideration of how these relationships (at regional and continental levels) translate into how the BRICS position themselves within a global political economy where clubbing together as a unit maximises multi-lateral utility for each individually and collectively.

This is especially so in as much as each BRICS country faces internal integration challenges carrying regional implications. Each must confront these challenges as they seek to consolidate a convergence of interests in managing contradictions amongst themselves. Their aim is to collectively advance a revisionist agenda in setting the terms of global governance at several interrelated levels of engagement.

It is, however, within the global club governance sanctum of the G20 where the influence of BRICS has become a key point of focus in tandem with that other club, the G-77(+China). Given that the G20 includes six other emerging powers of diverse alignments, one could conceptualise a

BRICS+6.<sup>6</sup> Whereas the G20 groups emerging and developed economies, the G77 remains the leading voice of developing countries (though it contains important sub-groups of pragmatic inclination). Yet another possibility could see BASIC replace BRICS as the premier emerging power bloc as an OECD-inclined Russia moves closer to Europe albeit as much on its own terms as Moscow can leverage.

However these groupings align, what has emerged are contradictions between emerging and developing economies. These animate the challenges confronting each of the BRICS in their respective regional neighbourhoods; such concerns, in turn, must be mediated in the crucible of domestic politics in distilling the 'national interest' dictates of foreign policy. This begs questions of the extent to which 'national interest' reflects or is informed by national integration, factoring in the external realms of the regional and the global.

Indeed, the global realm may present itself as a convenient escape hatch from regional constraints on 'national interest' in the pursuit of aspirational great power ambitions. Maximising latitude is paramount in the conduct of foreign policy. Yet, between the national and the global, regionalism is an ever-present arbiter of an aspirant great power's potential for influencing agenda-setting at a global level. This is a dynamic fraught with ambivalence internally within the policy apparatus of each state as well as between each state and its respective region.

As such, it may be instructive to delve into intra-BRICS dynamic at national levels of integration as they club together in joint efforts to revise the global stage. Apart from the economic infrastructural dimension of internal market integration, it is important to emphasise that national integration is not to be confused with its assimilationist dimension whereby multi-cultural diversities become panel-beaten into a homogeneous sameness (though some elites in some circumstances may seek to impose a certain degree of cultural uniformity).

Rather, national integration is about how different societies struggle through their internal arrangements to determine how their group realities and infrastructural challenges can be managed to advance social cohesion and economic and political synergies. This is an ongoing historical 'work in progress' reflecting changes that occur in given societies, polities and economies over time.

## BRAZIL

In spite of the slowdown in Brazil's economy, it has made major gains in closing its socio-economic divides. Yet it remains an unequal society and



continues to confront the national integration challenges of de-racialising a society and power-structure rooted in slavery. In identity terms, this has elevated the primacy of Europe over Africa – European over Amerindian in shaping class formation. This is a history constituting Brazil's unfinished business at a time when it is on an assertive foreign policy and global economic diplomacy track. It is one focused on the developing world of the 'global South,' Africa in particular, with the Lusophonic *Comunidade dos Países de Língua Portuguesa* (CPLC) as a geo-cultural point of departure.<sup>7</sup>

This imperative confronts a legacy of post-slavery 'whitening' from between the late 19<sup>th</sup> and early 20<sup>th</sup> centuries. Successive governments encouraged massive European immigration (1880–1930) in order to dilute the post-bellum black and mulatto/mestizo demographic into a mythical Eurocentric 'racial paradise.' Socio-economic class mobility would 'whiten' blacks as they advanced up the socio-economic and cultural ladder.<sup>8</sup>

The economic corollary that comes with strengthening social integration receives major strategic priority through emphasis on internal market integration. This dimension has enabled Brazil to withstand the shocks of the global economic crisis while serving as a staging ground for regional integration within Mercosur. Here, major investments in infrastructural development and in boosting the spending power of an expanding middle class underpin an internal process of market expansion advancing overall national integration.<sup>9</sup> In this vein, national integration enables Brazil to strengthen regional linkages in promoting an integrated South American economy.

This has meant navigating interregional dynamics surrounding the Mercosur 'southern cone.' Extending Mercosur's reach into the Bolivarian Andean realm of the late Julio Cesar Chavez's Venezuelan agenda has been a part of this process. This includes the aspirational launching of a South Bank alongside Brazil's hegemonic BNDES. Altogether, these developments feed into a new continentalism of the Union of South American Nations (UNASUR) and the South American Defense Council.

UNASUR, in turn, feeds into the more expansive Community of Latin American and Caribbean States (CELAC). CELAC includes Cuba but excludes the US. This is indicative of the extent of Washington's hemispheric isolation imposed by a small minority of anti-Castro Cuban members of the US Congress.

Meanwhile, national integration in domestic policy seems a given. But Brazilian analysts are already displaying signs of scepticism with regard to the external realm. This has to do with the extent to which there is connectivity between internal integration and regionalism regarding Mercosur. The emphasis placed on Brasilia's emerging powers diplomacy focusing on BRICS may also be in question. Can the latter bypass the former? That



question needs to be considered, though not necessarily under the assumption that this is a zero-sum equation.

A case can be made that Brazil's global role within the context of advancing a BRICS agenda could ultimately be short-circuited. This could entail translating regionalism in the 'southern cone' into a more considered geopolitical conception, to determine how this fits in with shaping global dynamics.

At a time when the Euro-American transatlantic is showing renewed signs toward trade integration along with re-thinking underway on a reconfiguring of the 'Atlantic Space,' how might these realities inform Brasilia's conception of the future of the South Atlantic? Is the Zone of Peace and Security Cooperation in the South Atlantic (ZPCSA) sufficient? Or how might Brazil build on it in conjunction with Angola and Nigeria? Might not Brazil consider making use of its IBSAMAR maritime linkages with India, and especially South Africa, in proactively defining and organising the southern hemispheric reaches of the transatlantic?<sup>10</sup>

The southern hemisphere in general and the South Atlantic in particular represent a major vacuum in the architectural reconfiguring of 21<sup>st</sup> century multi-lateralism. This might dictate Brasilia affording greater geostrategic emphasis on IBSA and strategising with Tshwane-Pretoria and Delhi in joint agenda-setting with the aim of shaping this critical dimension. For Brazil, national integration is the natural starting point in a multilayered scenario validating its global aspirations as a fulfilment of national purpose.

## RUSSIA

Post-Soviet Russia, with a declining population, coupled with an overdependence on hydrocarbon resources, is confronted with multiple national integration challenges. At the socio-political level, this entails building cohesion in what, historically, has always constituted a multinational, multicultural and multi-regional imperial geopolitical formation.

Currently held together in a truncated federation following the Soviet collapse, Russia's integration challenge entails consolidating internal market linkages across a far-flung and diverse landscape.<sup>11</sup> It is one interlinked with an aspirational Eurasian Common Economic Space (CES) as a means of recouping the geopolitical scope of the former Soviet socialist republics. Occupying as it does the trans-Eurasian heartland, Russia is simultaneously European and Asian and home to the fractious Abrahamic Islamo-Judeo-Christian trinity, with Russian Orthodoxy ascendant.

The historical dominance of European Russia has been the main driver in determining the Eurocentric gravitational pull of the West as Russia's

identity point of reference. This has been the case even as Russia's trans-continental Eurasian character has carried with it an embedded ambivalence in how Moscow relates to East and West while being driven by a compulsion to integrate with Europe on its own terms.

This currently involves dominating a pan-European space via the geopolitics of energy security as the leitmotif of Euro-Russian integration. But this geostrategy could come unstuck. This has to do with the prospect of America's energy resurgence eventually offsetting Europe's hydrocarbon dependence on Russia within the context of renewed North Atlantic integration. A geostrategic reversal in the global energy balance of power coupled with Russia's moves toward acceding to the OECD moderates Moscow's aspirational regional and global clout via BRICS.

Assuming that President Vladimir Putin's priority is Russia's integration into Europe, a complementary strategy envisions Russia tapping into the lucrative Asian energy market as well. Indeed, this may become imperative if the US energy revival loosens Europe's dependence on Moscow. BRICS, otherwise, can be viewed as a vehicle intended for elevating the Kremlin's great power quest at the global level, complemented by co-leadership of the Shanghai Cooperation Organisation (SCO) with China. Though Putin endeavours to carve out more autonomy relative to Beijing's dominance within the SCO, the SCO has figured as a key vehicle for the Kremlin recouping and consolidating hegemony over its Eurasian 'near abroad' amid US and Chinese regional encroachments in Central Asia.

Within the BRICS umbrella and the Eurasian agenda of the SCO, Moscow's Eurocentric energy security geostrategy has involved Germany as the key strategic partner in advancing Euro-Russian integration. Thus far, the emphasis on Europe has taken precedence over Russia's Asian dimension, though the latter's importance in Moscow's calculus cannot be dismissed. The aim here is the economic integration of the Russian Far East into the East Asian trans-Pacific.<sup>12</sup> Yet, internally, European Russia has become restless within the inter-generational core of a rising bourgeois demographic influenced by global unrest that began with the Arab Awakening in 2011.<sup>13</sup>

This politicising social trend, inspired by growing impatience with a status-quo of guided virtual democracy, adds yet another dimension to national integrationist challenges inherited from the Soviet state. It will be interesting to discern how these liberalising pressures for a more thorough democratisation of the Russian urban middle class polity intersect with integrationist 'near abroad' dynamics in its neighbourhood. Included here are Ukraine and Georgia where pro-EU strivings are constantly in play. This, in turn, must be viewed in context with how Moscow manages to contain US/NATO/EU geopolitical pressures on the one hand and rising Chinese

regional superpower ascendancy on the other impinging on its sphere-of-influence in central Eurasia.

## INDIA

The centre–periphery ebb and flow of federalism might characterise India as a semi-confederacy depending on the balance between national and state parties. In spite of India's independence from the UK in 1947, integrationist cohesion remains a 'work in progress', given a number of factors. On an economic level, much may be attributed to the country's poor infrastructure which partially accounts for a still fragmented internal market.

Indeed the crisis dimensions of the infrastructure challenge were rudely underlined by the power blackout over much of northern and eastern India in July 2012.<sup>14</sup> Infrastructure, therefore, is India's uppermost strategic priority in building a more nationally interlinked economy. It is the reason why New Delhi has a major stake in a BRICS development bank that expands its infrastructural financing options while allowing it to source Chinese capital in a manner that does not make it directly dependent on Beijing.

The 2012 power crisis seemed to reflect deeper governance challenges having to do with India's sub-national regionalism in relation to its central government. This is a problem manifesting itself in other areas as well, not just in the case of the power crisis. It is reflected, for example, in reported widespread state-level resistance to the imposition of the Goods and Services Tax (GST) as an important economic reform among others needed for attracting foreign investment.<sup>15</sup>

Indeed the emergence of a pan-Indian national identity finds its counterpoint in regionalist agendas at the expense of the central government; this is at a time when Delhi is also preoccupied with a plethora of informal secessionism such as in the Naxalite resistance in the poorest northeast provinces.<sup>16</sup> The intensity and persistence of these insurgencies represents an increasingly violent alienation of marginalised tribal ethnicities intertwined with complex class and local power dynamics. This was underlined in the August 2012 crisis of north-easterners fleeing major urban centres to avoid feared retaliatory violence from Muslims after attacks unleashed in the Bodo areas of Assam.<sup>17</sup>

In some instances resistance movements have reportedly become allied with upper caste-led and/or articulated Maoist insurgents. They are ranged against an Indian corporate sector bent on economically exploiting resource-rich regions also richly endowed in a level of biodiversity that compares to that of the whole of Africa. These challenges, thus, are seen by some as exploitable expressions of marginalisation, rather than as genuine

revolutionary movements with secessionist aims. More challenging by comparison may be polarising class dynamics implicated in the erupting into global prominence of violence against women (shared equally with South Africa and Brazil) on the one hand, and mass middle-class opposition to complacently corrupt governance on the other.

The other side of this coin is the long-standing pressure toward a further fragmenting of the Indian polity through the 'internal secession' of new states out of existing ones. Whereas in some cases this may be due to linguistic sectionalism, it seems also driven by demands for more accessible government as opposed to some that may be far too large. Uttar Pradesh alone, for example, has a population of almost 200 million.<sup>18</sup>

Internal sectionalism accompanied by other fault-lines having to do with caste and communalism, as well as regionalism, are amplified by the country's unresolved civil war of partition with neighbouring Pakistan. Will a Mughal-Hindu equilibrium ever be achieved? To be sure, the intensity of confrontation surrounding Jammu and Kashmir has been greatly reduced as India and Pakistan move closer toward normalised trade relations.

However, the Hindu-Kush conundrum linking Afghanistan and Islamabad in the latter's obsession with India's threat to its 'strategic depth' in Afghanistan remains an ongoing security threat to India. This is pending NATO's troop withdrawal from Afghanistan and a political settlement that has regional backing, including a stabilising role for India. This challenge, along with other internal and external security concerns, combines with the country's geopolitical encirclement in South Asia by the Sino-Pakistan 'all-weather alliance'. This forms a backdrop of ambivalent regional relations between New Delhi and other member states in the South Asian Association of Regional Cooperation (SAARC).

There thus exists a dynamic interplay between India's intra-state challenges of socio-political and economic integration and a seemingly stalled process of regional integration within the SAARC. India is perceived as having poor trade connectivity with its neighbours. This could be redressed if Indo-Pakistan trade gains momentum. Otherwise, structurally India is not considered embedded in a South Asian 'production workshop', as has been observed with China in East Asia.

Nevertheless, progress in economic relations between India and Bangladesh, as well as with a politically thawing Myanmar within the Bay of Bengal BIMSTEC grouping, holds potential for inter and intra-regional integration prospects. These could likely incorporate China's landlocked inland west as well. But this may well hinge on a 'Chindian' convergence around Myanmar as the inter-regional pivot between South, East and Southeast Asia.

The interlinkages between South Asian regionalism and other regionalist dynamics in Asia make for a complex interplay in Sino-Indian relations. This is exemplified by China's observer status as a SAARC member alongside India's 'Look East' policy. This involves forging trade links with the ASEAN alongside Delhi engaging its northern Eurasian 'strategic triangle' with Russia and China. This is an apparent source of identity confusion in India's conceptualising its geostrategic options as it accepts marginalising observer status in the Sino-Russian led SCO and memberships (along with Russia and the US in the East Asia Summit).<sup>19</sup>

India's geostrategic encirclement within mainland Asia is also offset by the close attention Delhi gives to its Indo-Pacific security and geo-economic interests. But this also generates ambivalences of complexity. While involved here is a focus on the Indian Ocean where New Delhi has chaired the IORARC with potential for forging an IBSAMAR axis with South Africa, a seeming identity confusion abounds.

This has to do with a palpable anti-IBSA counter tendency aimed at having India gravitate toward an Australian alignment in a so-called Indo-Pacific Maritime Energy Security Forum (INDOMES) even though such a mechanism could be accommodated within an IBSA framework.<sup>20</sup> Indeed, Australia could be an IBSA 'dialogue partner' in effecting such a linkage.

Much here involves Indian frustration over perceptions of a Beijing-led BRICS outmanoeuvring, India having kept China out of IBSA while bringing South Africa into it. Some see this as making IBSA redundant. Thus does India's Sino-fixated inferiority complex make it an unreliable actor in emerging power-cum-global South IBSA-BRICS equations. Further, the interplay between Sino-Indian regional compulsives, involving counterbalancing one another within their respective neighbourhoods, overlaps into issues of national integration affecting both countries.

This happens against the backdrop of the multi-lateral utility of their coalitional relationship within BRICS. As such, BRICS may be considered a platform enabling its members to strike out in any number of regional integrationist directions that may best serve their geopolitical-economic agendas, some of which may be complementary, others competitive. In India's case, as with its regional and interregional power rivalry with China, issues of territorial integrity linked to Sino-Indian border disputes are intimately related to India's preoccupation with consolidating its national integration. This applies equally to China.

## CHINA

In October 2003, the 3<sup>rd</sup> plenary of the 16<sup>th</sup> central committee of the Chinese Communist Party (CCP) focused on the need for the domestic economic integration of its fragmented internal market. Ever since, redressing uneven development in China has been one of Beijing's uppermost priorities. Maintaining stability and national cohesion hinge on it. As a means of overcoming tendencies toward 'local protectionism' reinforcing economic regionalism, this policy trend interacts with what remains a contested national integrationist project on its peripheries.<sup>21</sup> The economic imperative for internal market cohesion aside, national integration reflects an enduring political dialectic at three levels.

At the dominant level, there is the prevailing top-down authoritarian model of Han assimilationism. This policy exhibits aspects of 'internal colonisation' and ethno-demographic re-engineering. It reflects the manner in which Beijing conceptualises and addresses its internal group realities. From a more particularist standpoint, it has resulted in pushbacks entailing regionalised ethnic aspirations for cultural, as opposed to regional, autonomy in Tibet and Xinjiang. But from Beijing's perspective, any form of autonomy is tantamount to secession.

However, at a broader level that includes but also transcends cultural regionalism, China seems to be experiencing a bottom-up dialectic of 'people power' challenges emanating from localised class contradictions. Theoretically, Beijing's 'one China, two systems' (or more) model could address these challenges while pursuing a national integration policy of democratic cultural pluralism with regional as well as domestic applicability. To some extent this seems to inform relations with Hong Kong which is too strategic as an internationally prominent financial hub to risk major confrontations of a sectional nature. However, its application by the CCP in the case of Hong Kong has not encouraged similar accommodations in Tibet, Xinjiang and Taiwan.

While Tibetan–Han tensions accompany border disputes in the Sino-Indian Himalayas, economic integration between India and China seems suggestive of a kind of amalgamating of geo-economic forces. This could reinforce the global economic power-shift to greater Asia within the context of an assertive BRICS agenda. Meanwhile, Sino-Pakistani links could well be held back by Beijing's security concerns over Islamabad's inability to control a confederacy of insurgent groups using it as a sanctuary. These include the existence of Uyger secessionists targeting resource-rich Xinjiang which, in turn, is China's 'Silk Road' gateway westward into Central Asia and ultimately Europe.

Yet Beijing tolerates Pakistan's military intelligence complex in its propensity toward complicating prospects of Indo-Pakistani accommodation; this has become a 'Frankenstein's monster' threatening Pakistan's very existence, with all the regionally destabilising potential this entails. Otherwise, a negotiated Indo-Pakistan settlement could likely reinforce pan-Asian economic integration linking South, Central and East Asia. In this regard, progress toward Indo-Pakistan trade relations is a positive sign when considered in this bigger picture – except that Beijing may be none too enthusiastic about its regional power rebalancing implications. This makes a conclusive 'one China' accommodation all the more compelling.

Consolidating a pan-Asian economic community and governing system in an eventual 'one China' joining Beijing and Taipei may hold the greatest incentive for national integration. Here, the critical link would be the manner in which such an accommodation converges with the trilateral free trade initiative between China, South Korea and Japan. This, in turn, could rope in the Southeast Asian ASEAN as in the current ASEAN+3 interacting with the Regional Comprehensive Economic Partnership (RCEP) initiative which excludes the US. With Tokyo navigating both sides against the middle, recent US-EU-Japan moves toward mega-FTA interregional initiatives may be interpreted as aimed at hedging against if not offsetting a potentially potent Asian economic bloc.

The fact that such a mega-formation would exclude the United States but possibly incorporate BRICS members India (also forging ASEAN links) and Russia would represent a major geopolitical-economic victory for those pan-Asian forces that have, all along, wanted to carve out major strategic autonomy from the west, particularly Washington. Yet, a grand convergence between the Beijing-Seoul-Tokyo FTA and Washington's Trans-Pacific Partnership might eventually be on the cards as well, given the potential bridging roles that Japan and South Korea could play along with Sino-American 'G2' interdependence.

A Sino-Taiwan integrationist accommodation might well be the clincher of a *pax-Sinica* in greater East Asia. The cross-strait FTA between China and Taiwan has already laid the foundation. Further, the mainland owes much of its foreign investment to Taiwan. At a political level, the CCP-Kuomintang (KMT) civil war has long ended. They are both tacitly aligned against the Taiwanese ethnic nationalism of the anti-integrationist Democratic Progressive Party (DPP).

The 'bottom line' in an eventual 'one China' accommodation could well come down to guaranteeing the political 'cultural autonomy' of Taiwan's multiparty electoral system. This might serve as a basis for Chinese and Taiwanese nationalisms achieving reconciliation in at least a partial



democratising of the Han-dominated Chinese group reality. The US security guarantee over Taiwan becomes redundant.

Such a scenario could carry powerful regional integrationist potential. It could tellingly influence the reshaping of strategic equations in the east Asia-Pacific. Counterpointing this potential, however, were signs during 2012 of Beijing-Taipei coordinating of 'one China' claims of sovereignty over the South China Sea. This gave way, however, to Taipei's balancing attempt to fashion a peace initiative in the East China Sea dispute between Beijing and Tokyo rather than band-wagoning with China in further exacerbating Sino-ASEAN tensions.<sup>22</sup>

However South China Sea tensions are eventually resolved, Asian multi-regional integration will become a major pillar in a future federalised global order. BRICS, in turn, will have provided a useful coordinating platform enabling China, Russia and India to navigate a convergence of interests in at least consolidating a new order within the greater Asian subsystem of the Eurasian supercontinent.

## **SOUTH AFRICA**

Post-apartheid national integration in Alan Paton's 'beloved country' – that land at the tip of the cradleland of human evolution – is intimately intertwined with prospects of the continental integration project starting in Southern Africa. This applies not just within the Southern African Development Community (SADC), but also within the SADC periphery's core, the Southern African Customs Union (SACU). SACU, besides South Africa, comprises the so-called 'BNLS': Botswana, Namibia, Lesotho and Swaziland. The core completes South Africa proper which cannot be considered whole until it becomes Southern Africa.

Given how small South Africa is compared to the other BRICS, the inter-linkage between national and regional integration and, by extension, to that of the continent beyond, is of no small importance. For the challenge of African integration, overall, is the de-fragmenting of the African continental economy. This especially pertains to the AU's regional pillars within its several overlapping regional economic communities (RECs). Furthermore, there is an indelibly integrationist sense of urgency in the South Africa-AU-continental linkage given the extent of other BRICS and emerging powers scrambling for market share in tapping the continent's resources.

External powers, new and old alike, benefit from Africa's fragmentation to a point where a 'colonial' relationship is unavoidably structurally embedded in the way Africa reactively relates to them – this is whether they allegedly have colonial designs on the continent or not. Colonialism



Africanised is simply woven into a European partitioning that was allowed to stand by Africa's first generation of post-pan-African nationalist leaders!

Thus, notions that China and other BRICS may harbour colonial designs on the continent amounts to little more than futile paranoid delusions pending Africa's integration. This is why South Africa, as the continent's leading economy, from an African perspective, had to join BRICS and gain acceptance into it in order to begin counteracting this disadvantage imposed by the continent's fragmentation.

The July 2012 election of former Home Affairs South African minister, Nkosazana Dlamini-Zuma, to chair the AU Commission highlighted the integration stakes. They revolve around the infrastructural imperatives of African development, including South Africa's own national market integration. President Jacob Zuma volunteered South Africa as champion of Africa's infrastructural development, placing this at the top of South Africa's agenda under the National Development Plan unveiled in 2012. Hence the importance of Zuma hosting the African leadership contingent he invited on the sidelines of the 5<sup>th</sup> BRICS Leaders' Meeting.

Constructing political economies of scale to match the much bigger economies of the other BRICS is a major challenge confronting South Africa. However, by proxy, given the size of its economy compared with all others on the continent, South Africa's membership in BRICS carries a compelling geostrategic logic in fleshing out the group's geopolitical credibility within a global context.

The extent to which Southern African regionalism is caught in South Africa's national integration project is reflected in how the mono-ethnic states within SACU – Botswana, Lesotho and Swaziland – are outnumbered by their respective ethno-linguistic compatriots residing in South Africa. Similar cross-national affinities apply to Namibia and most recently to Mozambique and Zimbabwe, with the disgorging of the latter's citizens fleeing Zimbabwe African National Union-Patriotic Front (ZANU-PF) repression.

Regionalising South Africa's national identity is a major element in its internal integrationist equation. This is the cause of no small amount of conflict between black South Africans and Africans from neighbouring countries. Given the immigration influx from throughout the rest of the continent, integration is fraught with contradictions. It is one that has rapidly taken on a cosmopolitan, though conflicted, pan-Africanising dimension. Welcome to South Africa's post-apartheid integration into an Africa from which Afrikaner nationalism had once alienated it!

This alienation stemmed from the ethnic nation-building of the Afrikaner in uneasy socio-racial alignment with the Anglo-Jewish economic elite. They remain what some characterise as the country's 'cultural

majority.' In the South African group conundrum, this cultural majority enjoys the 'minority rights' of continued economic supremacy in tandem with the 'majority rule' of a black political ascendancy aspiring to the economic commanding heights. This places the Republic in a unique position within Africa and amongst the BRICS, with its partial integration into the trans-national capitalist power structure of the global North.

But the untenable black majority political rule/white economic minority 'rights' trade-off is only one part of a bigger picture of South Africa's ambivalent national identity in the aggregate. In objective terms, the country is a *black majority-ruled Afro-Eurasian social formation* at the tip of a continent comprising the peninsular extension of the geological Afro-Eurasian super-continental landmass. In other words, it is a 'we are the world' country, trying, with some difficulty, to parley its incomplete national integration (with its intra-African ethno-linguistic dynamics) into a broader regional and continentalist project.

In scope, this project extends well beyond SACU, incorporating SADC into a tripartite 700 million-strong Grand FTA with the Common Market of Eastern and Southern Africa (COMESA) and the East African Community (EAC). Under the coordination of national planning minister Trevor Manuel, this 'Cape to Cairo' scheme, involving a North-South Infrastructure Corridor component, has the potential to round out a trans-oceanic, inter-continental economic convergence in transforming the Indian Ocean into a pax-Afroasiatica.<sup>23</sup>

Africa's RECs along the Eastern and Southern African littoral would engage the Gulf Cooperation Council (GCC). These linkages, in turn, could potentially draw in a prospective South Asian FTA. The precondition here, however, would assume a revitalised SAARC linked to the Southeast Asian ASEAN as the fulcrum around which a greater East Asian economic community could take shape. ASEAN is on track to become the 'ASEAN Community' by 2015. This would be in tandem with the trilateral Sino-South Korean-Japanese FTA initiative.

Within a context of 'open regionalism,' these all-Asian prospects could yet factor in the Asia-Pacific dimension of the US-led TPP. This might bring into the equation a North American Free Trade Area (NAFTA) hook-up with Asian-Pacific integration via the Latin American Pacific Alliance (linking Chile, Colombia, Mexico and Peru) as an alternative to the moribund Free Trade Area of the Americas (FTAA).

The realisation of this ambitious potential poses a series of challenging questions to a South Africa mired in the frustrating domestic politics of factionalism within the ruling alliance and political class. This factionalism is a major distraction from South Africa's work in consolidating a national integration project in economic as well as in social, cultural and political

terms, thereby allowing it to advance a compelling BRICS agenda within and beyond Africa.

Can and will South Africa elaborate the kind of disciplined governing architecture and policy apparatus that allows it to achieve its strategic potential as Africa's leading economy in advancing regional and continental integration? The Central African Republic debacle exposes the country's lack of a carefully considered national security and development strategy. As Africa's incumbent economic engine, such a strategy is pre-conditional in advancing an agenda that could allow the Republic to fill its leadership niche within the African Union, not unlike Germany's centrality (albeit problematic) within EU core-periphery dynamics.

Apart from the Afro-Asian geo-economic convergence within which South Africa's economy would be anchored, its pivotal geostrategic positioning astride the southern sea lanes offers additional options in the weaving of a new globally integrationist order. Here, the trilateral IBSA dimension of BRICS emerges as the potential fulcrum around which South Africa, India and Brazil might knit together a southern hemispheric cooperation architecture.

A multi-lateral arrangement of this nature would aim to secure the Indian Ocean-South Atlantic maritime commons. Taken in context with the reconfiguring dynamics of the northern hemisphere centred in the Eurasian heartland, these possibilities raise a number of geostrategic considerations if BRICS is disaggregated into its respective hemispheric domains.

## THE CHANGING GEOSTRATEGIC LANDSCAPE

The geopolitical hybridity of BRICS reflects how much more than the epicenter of global economic power is shifting. Shifts are underway in geostrategic landscapes as well. This need not preclude subsequent rebalancing as America's recovery, still fragile, gains more momentum and reaches out to Europe and both strengthen trade links with Japan. This unfolding pattern interacting with emerging market trends might well influence the reshaping of a global order reconfigured around federated zones of geopolitical interdependence, interlinked with regional and continental economic communities reflecting varying degrees of political integration.

The upshot of these dynamics may well reflect realms of qualified supra-nationalism wherein political governance is limited to the basics of ensuring effective economic governance (e.g. EU transformation into a 'United States of Europe') among nominally sovereign, but essentially autonomous nation-states. In this scenario, the sovereignty of the nation-state gives way to larger units allowing greater scope for popular sovereignty in

overcoming 'democratic deficits.' Put in another way, popular sovereignty takes precedent over national sovereignty as economic integration delinks it from the nation-state lending it supranational expression.

## **GREAT POWER 'STRATEGIC COMPULSIVES'**

Sovereignty becomes regional and continental, albeit conditioned by the influence of incumbent and emerging great powers. It becomes a 'shared' arrangement between great powers and their home regions and continents. This will, no doubt, be subject to unravelling the 'devil in the details' determining the terms of such arrangements with power as the arbiter. Larger and more powerful states, after all, are motivated by historically rooted and geo-culturally embedded ambitions. These inform imagined notions of 'national destiny.'

Such ambitions constitute what may be considered strategic compulsives serving as determinants in how these powers interact with their surrounding regions and beyond. Sino-ASEAN tensions over the South China Sea are emblematic. From a geo-cultural standpoint, strategic compulsives may be considered a species of 'cultural compulsives.'<sup>24</sup> Cultural compulsives reflect socio-racial, ethnic and/or sectarian forces animating the interplay of contending cultural blocs vying for class hegemony in the defining of a nation's trajectory by ascendant elites (indeed, defining domestic terms of national integration and identity).

In their external rendition, such compulsives are informed by regional comparative advantages accruing to dominant state actors guided by ascendant class interests. These often reflect a contradiction of trans-national class integration within regional contexts of inter-state sovereignty. National sovereignty is, nevertheless, relative to the power projecting capacity of major state actors. These states can be counted on to command as much sovereignty as can be mustered within the constraining realities of interdependence in a globally integrated economy.

So it is with BRICS. This is why some semblance of global economic federalism may be unavoidable in outlining the next evolutionary phase in the international system. Coordinating aspirations in the collective drive toward an integrated governing economic framework at regional and global levels is essentially what BRICS is about. Evolving a new global financial architecture is at the centre of this unfolding scenario.

This may require regional and continental banking unions to tie into a substantially reformed IMF in a way that reflects actual balances of economic power, as changes occur in the global economy. Such a globally federated outcome is already discernible as a transition underway from complete

sovereignty to degrees of national and regional strategic autonomy in economic terms. As such, within this transition, major momentum has gravitated toward BRICS in reconfiguring the world's geostrategic terrain and the coordinated interplay of their aspirational strategic compulsives.

This prospective reconfiguring is by no means predetermined. Yet there are signs of it unfolding along a north-easterly–south-west axis: the east-central Eurasian Sino-Russian led SCO, with India in a sister relationship on the basis of its observer status and via the Russia-India-China (RIC) tri-ministerial. The southern hemispheric 'Gondwanan' IBSA trilateral with South Africa is pivotal in linking the southern cone of South America to South Asia by way of the SADC.

In geo-economic terms, the northeast-southwest intercontinentalism of BRICS, by way of India, accentuates the Indian Ocean's emergence as the world's central commercial waterway in the larger west-to-east shift in global economic momentum. In addition, between the SCO and IBSA, BRICS may be viewed as occupying the apex of a provisional suborder or subsystem of the 'rest' balancing that of the Atlanticist 'west.' The G77+China and the Non-Aligned Movement (NAM) could be grouped within this BRICS+6 suborder (within the G20) comprising emerging powers and developing countries inclusive of all the 'class contradictions' embedded in such a heterogeneous alignment.<sup>25</sup>

## IBSA TRILATERALISM IN THE SOUTHERN HEMISPHERE

In its south-westerly dimension, BRICS foreshadows a much broader 'CHIMEA' – China-India-Mideast-Africa – linkage of energy and commercial relationships, drawing in other regional interests along the Indian Ocean rim.<sup>26</sup> These range from the Gulf Cooperation Council in the western Indian Ocean to ASEAN leading into the Indo/Asia-Pacific. This intersects with the fledgling Sino-Japanese-Korean FTA initiative on the one hand, and the American-led Trans-Pacific Partnership on the other.

If regional economic communities along this rim become more deeply integrated while expanding energy, trade, commercial and investment linkages among themselves and their regions, the magnitude of global rebalancing will become even more pronounced. This is because the CHIMEA 'Indian Ocean nexus' will also reflect the ascendancy of this part of the world in demographic terms. One only needs to look at Africa's projected 2 billion by 2050 with the combined 3 billion of China and India within an overall Asian population of 5 billion.

The global human population by 2050 is projected to be 9 billion, the bulk of which will reside along a roughly Afro-Asian axis. This demographic

future will reinforce the Indian Ocean's geostrategic economic importance. An estimated 40 per cent of the world's offshore oil production already emanates from the Indian Ocean. This would seem likely to increase considerably given recent oil reserve discoveries in East Africa. Already considered the world's pre-eminent 'energy and trade interstate seaway,' 70 per cent of the world's total traffic of petroleum production passes through this region from the Middle East to the Pacific.<sup>27</sup>

Indian Ocean energy and economic activity is likely to increasingly converge with and be complemented by similar developments in the South Atlantic although the Atlantic Basin economy remains dominated by the northern transatlantic Euro-American nexus. However, if South Africa becomes more actively involved with Brazil and Angola in reviving the ZPCSA, this is a dimension that could help flesh out IBSA's trilateral maritime initiative, IBSAMAR. This would result from the roles South Africa and India are playing in the Indian Ocean: India chairing the Indian Ocean Rim-Association for Regional Cooperation (IOR-ARC) and South Africa chairing the Indian Ocean Naval Symposium (IONS).<sup>28</sup>

South Africa further bolstered its continental leadership in 2012 when former Home Affairs minister Nkosazana Dlamini-Zuma became chairperson of the AU Commission. International Relations and Cooperation Minister Maite Nkoana-Mashabane has emerged as the co-chair of FOCAC for the next five years. Might these developments not provide South Africa the confidence to proactively engage India and Brazil in transforming IBSAMAR into a more strategic vehicle?

IBSAMAR could serve as a platform for fashioning a more structured and integrated system of maritime multi-lateralism embracing the southern sea lanes – one that enhances their individual and collective strategic autonomy. This might also provide the missing leverage that translates into UN Security Council reform. But much here seems contingent on how India resolves its geostrategic identity in balancing between a northern Eurasian RICS agenda and Indo-Pacific tension between its IBSA alignment and an alternative pull toward an Indo-Australian agenda. New Delhi's priorities are unclear and seem subject to fickle ambivalence amid high stakes in the global north-south balance.

In any case, IBSA via IBSAMAR seems to have the potential to extend the influence of BRICS as a factor in redefining an 'Atlantic Hemisphere.' This could unfold in tandem with the joint crafting of a maritime security and cooperation regime in the Indian Ocean that pre-emptively tamps down great power rivalry in this increasingly pivotal waterway.

If such an evolution can be accompanied by greater levels of inter-regional cooperation throughout the rim and merging into the Indo-Pacific, the IBSA dimension of BRICS could alter the geostrategic landscape of the

global South. This is especially possible should there be a convergence with companion linkages in the South Atlantic and if progress is advanced in trilateral trade integration amongst the IBSA troika. Herein could lie the redressing of multi-lateralist imbalances between north and south. With IBSA experiencing its 10<sup>th</sup> anniversary of the Brasilia Declaration, will 2013 come to an end with the troika having committed themselves to making IBSAMAR the centrepiece of their *raison d'être*?

## SCO NORTHERN EQUATIONS

But what about the north? The power equation in question here has more to do with the northern transatlantic joining North America and the European western end of the Eurasian supercontinent than with east-central Eurasia. This latter subsystem is the contested terrain of the Sino-Russian SCO within the BRICS coalition.

While the power position of the North Atlantic, amid the Eurozone crisis and the weakness of America's recovery, was eroding, it has recently shown renewed vitality. These currents and counter-currents have been unfolding at a time when equations animating the eastern Mediterranean (joining Europe, the Levant and the central Eurasian borderlands of Russia) face potentially destabilising balkanisation resulting from Syria's internationalised and increasingly sectarian civil war. As a result, Moscow's eastern Mediterranean geostrategy faces serious complications.

However, the initial Sino-Russian volley of criticism against the West was articulated on the currency front against the hegemonic status of the US dollar. This was part of an ongoing tug-of-war between the US and China over the undervaluation of the yuan against the US Federal Reserve Bank's stimulus policy of quantitative easing (QE). These tensions were but a foretaste of what is emerging as the centrepiece of the BRICS agenda: the development of a revisionist local currency financing strategy to facilitate geopolitical-economic penetration of resource-rich Africa, Central Asia and South America.

Africanising the yuan as a supplemental 'anchor currency' in Sino-African economic relations is an emerging reality in Africa's surging growth dynamic.<sup>29</sup> This Chinese African agenda was expected to receive added impetus from Washington's Korean-American president of the World Bank, Jim Yong Kim appointing Chinese national, Cai Jinyong as executive vice-president and CEO of the International Finance Corporation (IFC). This has been described as a 'silent coup' advancing Beijing's singular interest apart from BRICS.<sup>30</sup>



China also pursues its currency strategy in Asia. There, the yuan is expected to help 'the region integrate their economies and cooperate on monetary and finance issues as well as gradually open up the (Chinese) financial market.'<sup>31</sup> This is accompanied by the elaborating of the BRICS banking mechanism into a variety of developmental financing instruments including the South-South Development Bank (aka 'BRICS development Bank') initiative.

Currency revisionism, however, is but one component in a larger agenda to reset the terms of engagement within the high councils of global economic governance. This agenda dovetailed conveniently with the converging, but by no means identical, geopolitical-economic interests of Russia and China in fashioning a security community in Central Asia: the SCO.

The US and NATO are preoccupied with disengaging from Afghanistan by 2014, while also seeking to retain a strategic footprint in Central Asia. The resulting emerging situation is complicated and uncertain. As such, the future of this easterly expanse of the Eurasian supercontinent (and how it relates to the European subsystem of western Eurasia) is emerging as a realm of triangular strategic jockeying between the US, Russia and China. If, at times, BRICS comes across as anti-US, it is probably because of this theatre of geostrategic manoeuvring between Sino-Russia on the one hand and the US and NATO on the other.

Making matters more fraught is the tendency for the SCO to be periodically touted as a 'counter-NATO' when, in fact, this is not what is intended by either Beijing or Moscow. To be sure, both are bent on a counter-containment posture that keeps the US and NATO at bay in Central Asia. On this, however, Moscow and Beijing diverge. Russia is more bent on reconstructing its power position within a regional integrationist system revolving around a Eurasian Economic Union linked to the CIS and its apparent Warsaw Pact successor, the Collective Security Treaty Organization (CSTO).

Establishing a Russian-led customs union within the Eurasian 'common economic space' including tightening the 'pipelinestan' sinews of European energy security via Germany is suggestive of an agenda that diverges from that of both China and the US.<sup>32</sup> Here, it is important to emphasise that resurgent Germany has increasingly assumed a sister relationship with BRICS in its bid to bridge 'the west versus the rest' to Berlin's competitive strategic and economic advantage as the fulcrum of Europe.

China, meanwhile, has appeared perfectly comfortable with Moscow assuming the lead in engaging Washington in something akin to a neo-cold war. Its focus has targeted the economic integration of SCO-Central Asia into an alternative energy security matrix. The aim: to benefit the internal integration of the Chinese economy in proximity to the resource-rich Xinjiang province, Xinjiang being Beijing's 'gateway' to Central and South



Asia through its 'all weather' alliance with Pakistan. As such, the SCO seems to be emerging as a fulcrum around which divergent integrationist initiatives are competitively in play.

Moscow seems bent on constructing a regional economic and security community in something approaching a re-federalising of its CIS and Central Asian 'near abroad.'<sup>33</sup> China is underwriting an infrastructural transport communications and energy pipeline strategy linking Afghanistan, Tajikistan and Turkmenistan's natural resources to Xinjiang.<sup>34</sup> It is unclear how these different, even competitive, Sino-Russian integrationist tracks will converge into a genuine SCO multi-lateralism.

Moreover, until the Iran nuclear crisis is resolved, it seems unlikely that the SCO can consolidate a regionalism balancing the post-AfPak US/NATO 'Silk Road' agenda. This would link Central and South Asia in Washington's broad-gauged 'Asian Pivot' geostrategy. India, Pakistan and Iran would need to become full-fledged SCO members while Sino-Russian strategic co-operation would need to deepen. But is a de-sanctioned Iran with its energy export potential in Moscow's interest, especially with the US approaching energy export potential as well?

Between these different Sino-Russian and US tracks, the future of regional cooperation and integration in the east-central Eurasian heartland of the northern hemisphere (and how it links to the European and Asian geo-economic and energy grids) is uncertain. How the balance of forces stabilise, which determines the geopolitical trajectory of this mega-region, is equally unclear.

An additional uncertainty is the impact that a loosening of energy interdependencies between Russia (and Iran) and a number of consuming countries caused by the 'frack gas revolution' might have. To what extent will this alter the terms of pan-Eurasian integration between Russia and Europe on the one hand and Asia on the other?<sup>35</sup> What is especially interesting about these energy-altering possibilities is how they could neutralise the west-to-east economic power or even lead to a 'G2' equilibrium at Russia's expense if Sino-US cooperation facilitates China's oil and gas development.<sup>36</sup>

A possible scenario regarding the de-leveraging of Russia's regional energy hegemony may be one that propels its integration, in partnership with Germany, into closer association with a federal Europe. Perhaps an association between a European political union and the Russian-led Eurasian economic space might reflect such an arrangement. Russia could end up joining NATO as well at the expense of the CSTO and, for that matter, an incipient SCO security community. The outcome of such a realignment would likely favour a bolstered US global posture in as much as Europe's

autonomy viz-a-viz America will be constrained in an integrated transatlantic mega-FTA embrace.

Nevertheless, such a Euro-Russian prospect might unfold amid uncertainties of accommodation between Moscow and Beijing over the future of Russia's Far East. How, for example, might this relate to a greater East Asian economic community involving Japan and South Korea which, in turn, are likely to economically gravitate toward America's Asian 'pivot' as well? All in all, Russia's status with BRICS appears transitional and contingent. For that matter, so does China's, as on the security front the North Korean crisis of 2013 could force Beijing into 'G2'-style coordination with Washington to tamp down Pyongyang's provocations.

## CONCLUSION: RE-EMERGING TOWARD EQUILIBRIUM?

Given its multiple geostrategic possibilities, BRICS appears to be at the cutting-edge of the way in which a new global power balance arrives at equilibrium between different centres of regional integration. SCO dynamics may be emblematic of the stakes involved to the extent that an SCO economic space might constitute a 'game-changer' in the west-to-east global economic shift. Then, the SCO might indeed live up to some estimations of its becoming a counter-balance to a Western alliance attempting to revitalise itself, a sort of 'counter-NATO.'

But this prospect may be contingent on two developments. First, there may have to be an accommodation within the SCO of Russia's reintegration of its 'near abroad' via the common Eurasian economic space. Second, there must be a resolution of the Iran nuclear standoff as facilitative of Iran as well as India and Pakistan becoming full-fledged SCO members – assuming that resolution of the Iran conundrum serves as a pretext for Beijing to face-savily drop its resistance to India's transition from middle power to a great power status within this regional context.

India might then, potentially, become the linchpin between reconfigured northern and southern hemispheres in a new global balance. This may be New Delhi's ultimate comparative advantage if it can overcome its Sino-inferiority complex. This would see the SCO fulfil its potential, with India becoming a full member while engaging Beijing with greater confidence within the RIC inner core of BRICS. India, in conjunction with South Africa and Brazil, would also have to become geostrategically proactive in shaping converging Indian Ocean-South Atlantic maritime subsystems. But does IBSA have the will and capacity to live up to its geostrategic potential via IBSAMAR? Here, the outcome of the 10<sup>th</sup> anniversary IBSA summit, when it

is rescheduled (as its June date in India was postponed at Brazil's request), could prove instructive.

If affirmative, India could ultimately be well positioned to mediate the achieving of a stabilising equilibrium within an Indo-Pacific context of Sino-American dynamics. This would turn Robert Kaplan's notion of US offshore balancing between India and China in the Indian Ocean on its head.<sup>37</sup> Where this leaves the South Atlantic is anyone's guess pending IBSA's extension into a strategic triangular dialogue between Brazil, South Africa and Angola.

Here, the aim would have to entail negotiating the South Atlantic's identity in anticipation of moves already underway in the think-tank councils of the North Atlantic to redefine the Euro-American transatlantic as a more inclusive 'Atlantic Hemisphere.'<sup>38</sup> That, then, leaves the remaining missing piece of this incipiently integrationist global puzzle: African integration and the role of South Africa.

It could well be argued that the nature of any future equilibrium in the global balance will hinge on a prospective pan-African dispensation. Here, the SADC-backed South African victory in gaining the chairmanship of the AU Commission for the next four to eight years can be interpreted as Tshwane-Pretoria having delivered on its BRICS status. But this places added pressure on South Africa, as well as India and Brazil, to parley BRICS' IBSA dimension into a sister relationship with integrationist projects in a tricontinental southern hemisphere.

Conceptually, the African piece of this puzzle that must be confronted is the fact that African integration is burdened by the inconvenient reality that Africa has never been authentically decolonised. The 1874 Berlin Conference that partitioned the continent was ratified in the founding of the Organization of African Unity in 1963 (2013 being the 50<sup>th</sup> anniversary of this mistake!). The African integrationist vocation, therefore, is to move the continent from what, in effect, was an *Africanization of colonialism* into an integrated political union of regional economic communities.

Such a scenario could place South Africa in the vanguard of advancing a pan-African endgame of transition from Africa's fragmented sovereignty to continental sovereignty. But this would have to be inclusive of a democratic compact between state and market mediated by civil society.<sup>39</sup> Africa, then, could become 'the swing continent' in an international system in transition. This would be pending the eventual sorting out of a new order reflecting some variant of a global economic federalist accommodation.

Between the SCO and IBSA geostrategic dimensions of BRICS, the future of pan-Africanism may be integral in determining the nature of such an accommodation between east-west, north-south equations. The reconfiguring world order may well emerge as a complex interplay between the two

transitional suborders referenced earlier: a BRICS+6 Afro-Eurasian sub-order interactively aligned with the G77 and the NAM coordinating with IBSA and the SCO and a revitalising Euro-American Atlanticist sub-system comprising a US-Nafta/EU/G7/NATO/OECD phalanx. In their fluidity, these macro-alignments may well converge around the provisional global 'directoriate' of the G-20 pending the sorting out of contested multi-lateralisms involving outdated UN and Bretton Woods architectures. However this scenario plays out, laying the BRICS of a new global order is a protracted, open-ended 'work in progress.'

Apart from scenarios reflecting various degrees of 'muddling through', interspersed with periods of disorder as international stability proves elusive, what might an optimum future look like? Whereas BRICS may not collectively have the alternative that Pankaj Mishra is looking for to western ideas of politics and economy, stability in the new global order that emerges will have to reflect an equilibrium between contending suborders. They will have to accommodate the interdependence of regional and continentally integrated subsystems arriving at workable federated arrangements of supranationalism.

At political levels of autonomous state actors engaging one another within regional blocs, legitimacy will hinge on the nature of power- and burden-sharing between larger and lesser states interacting with the extent that 'popular sovereignty' assures maximum participatory governance at subnational, national and supranational levels. As such, Wilsonian self-determination is outmoded as it will risk humanity's further fragmentation into ungovernability.

The world cannot cope with more independent sovereignties based on micro-sectionalist strivings. Rather, in an interdependent and economically integrated world, self-determinative participatory governance will have to be normatively grounded in a universalist principle of democratic cultural pluralism as the civilisational basis of a reintegrating humanity. The glue holding such an order together will have to prioritise a shared concept of economic democracy reflecting an essentially social democratic consensus between transnational and state capitalist systems. Rather than zero-sum contestation between 'the west and the rest,' the BRICS vocation must involve a search for transcendent convergence. Therein may lie its answer to western ideas of human community.

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## ENDNOTES

- 1 Conceptually, 'global integration' is a seemingly underdeveloped construct that is primarily used in reference to different factors of globalisation in terms of trade, markets, information and innovation, competitiveness and value-chain evolution of economies integrating into the global economy. It also has business and commercial usages as in 'enterprise integration.' It apparently has yet to be conceptually applied to global political economy and the evolution of global governance.
- 2 The magnitude of this wounded sentiment is perhaps most recently best captured by Pankaj Mishra's 2012 book, *From the Ruins of Empire: The Intellectuals Who Remade Asia*, Farrar, Strauss & Giroux, p.356.
- 3 See: George Friedman, 'Europe, Unemployment and Instability,' In: *Geopolitical Weekly*, March 5, 2013.
- 4 'A transatlantic tale of paralysis,' by Philip Stephens, *Financial Times*, April 19, 2012.
- 5 The terms 'semi-alliance' is used to describe BRICS by China Center for Contemporary World Studies (International Department of the CCP Central Committee) research fellow, Minghao Zhao. The IBSA countries, India, Brazil and South Africa are often analytically conceptualised in the literature as regionally dominant 'middle powers' or as 'middle-income' although Brazil and India aspire to great power status.
- 6 The six are: Argentina, Indonesia, Mexico, Saudi Arabia, South Korea and Turkey.
- 7 This grouping was formed in 1996. See website: <http://www.cplp.org>
- 8 See for example: 'Class, race and social mobility in Brazil' as a chapter in the volume: *Discrimination in an Unequal World*, by Miguel Angel Centeno & Katherine S. Newman, Oxford Scholarship Online: September 2010.
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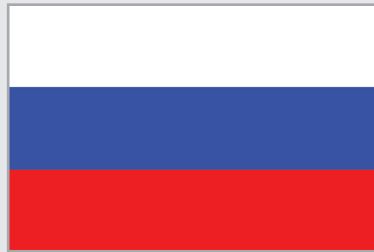
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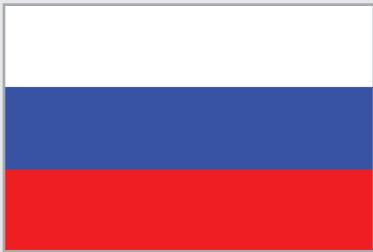
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# THE SHANGHAI COOPERATION DIMENSION



**BRICS II**







# A Partnership for Collective Emergence: BRICS in China's International Strategy

*Da Wei*<sup>1</sup>

Since the late 1970s, China has pursued an international strategy that aims at accelerating economic and social modernisation by integrating into the West-dominated world order. Under the guidance of such a strategy, though sometimes inconsistent or even contradictory with official rhetoric, China's foreign policy has appeared West-centric and even pro-West to some extent. With West-centred policy in place, it is then an interesting development that in 2008, China, along with three other non-Western countries, Brazil, Russia and India, decided to establish a new international platform under the name 'BRIC', ironically a term originally coined by Goldman Sachs. This organisation has grown well since then. Besides the summit each year, ministerial level meetings and academic dialogues were held, new proposals of cooperation were raised, and in 2011 South Africa was invited to join the summit when it was hosted by China; the acronym since has been 'BRICS'. The goal of this chapter is to analyse the role and position of BRICS in China's international strategy, so that readers can understand why China is invested in this group. BRICS' strengths and limitations will be examined from the Chinese perspective.

## CHINA'S DUAL IDENTITIES ON THE WORLD STAGE

How does China perceive itself on the world stage? What kind of role does China want to play on the global platform as an emerging power? These identity issues are extremely important in order to understand China's international strategy. China's identity is intrinsically different from the dominant Western powers in America and Europe. Politically, China is a socialist country where the official ideology is based on Marxism and communism. Economically, China is a developing country. Though its GDP ranks number two in the world, China's GDP *per capita* in the nominal values

ranks only 88<sup>th</sup> according to the IMF and 91<sup>st</sup> according to the World Bank.<sup>2</sup> Due to the size of its population, China's economy on a *per capita* basis can hardly compete with the developed countries in the foreseeable future, even if its economic size grows continually over the next two or three decades.

There is a deep-rooted suspicion among many ordinary Chinese, and even elite Chinese, about the West's intentions towards China. China historically has had a unique and separate civilisation whose survival and development has not been 'interrupted' by non-Asian countries for thousands of years. Yet in modern history China was invaded and humiliated by Western and Japanese imperialists and fell into so-called 'quasi-colonial' status in the late 1800s and early 1900s. Influenced by its historic experience and the revolutionary ideology of communism, China has declared itself a member and friend of developing countries in Asia, Africa and Latin America since the founding of the People's Republic in 1949, and has called for a 'new international political and economic order' for decades.<sup>3</sup>

China's reform and open-door policies, in place since the late 1970s, have changed its identity profoundly. Economically, China is the second largest economy in the world after the United States (US). Almost all mainstream economists predict that China's GDP will surpass the US at some point in next 30 years. To achieve this, China knows the importance of internationalising its economic ties and aims to become a globally integrated economy. Since the 1980s, China has reaped the benefits of globalisation. This development has given China shared interests and even identity with the developed world. As a result of these developments, China has become a much more complicated country.

Politically and economically, China is still a socialist state in official discourse, but with a prosperous private economy and a much increased space of social freedom it is by no means a socialist country like the former Soviet Union. Culturally, China is of course still very different from other parts of the world, but Western culture has influenced contemporary China so deeply that traditional Chinese culture faced serious crises in the 1980s and 1990s. Many intellectuals and ordinary Chinese once almost lost their confidence about Chinese culture and aspired to 'blue civilisation' (Western civilisation/maritime civilisation) to replace 'yellow civilisation' (Chinese civilisation/continental civilisation).<sup>4</sup>

These two forces – an old identity formed from 1949 to 1979 and a new identity formed since the 1980s – have shaped and formed China's current international identity. China views itself as a developing country and feels obligated to promote the interests of the developing world; at the same time China is a major regional, and even global, power and works closely with the developed countries. Sometimes China behaves like a developed country, especially as its entrepreneurs 'go abroad,' investing in Asia, Africa

and Latin America. China is a country led by the Communist Party, but its economy and society are deeply interdependent and intertwined with countries with different ideologies. It has become a kind of basic assumption of many Chinese, when they see international affairs, that the current international order has many problems. They view severe disparities in the global order that are unfavourable to developing countries' economies.

That being said, today's China does not want to change the world order and institutions. Moreover, China has joined and become a supporter of current international mechanisms and institutions. For instance, China has become an enthusiastic supporter of international free trade; China enjoys its membership of P5 in the UN Security Council and opposed the US effort to bypass the UN Security Council in order to launch a war against Saddam Hussein of Iraq. China worries very much about the US and European economic downturns since 2008 as both are China's major export markets. Chinese scholars even talked about 'preventing the US from rapid decline'.<sup>5</sup> Domestically, China shares the values of democracy, rule of law to free market and environmental protection.

In brief, since the late 1970s China has ceased being a 'revisionist country' and has become a '*status quo* power' instead; principally, it wants to play the role of 'reformer' of the current international order, but still lacks the vision and blueprint of an ideal order for the world. The dual identities – a developing country and a major power, a *status quo* power and a reformer, a non-Western country and a modernising country – define China's current overall international strategy and decided the BRICS' position and role in this strategy.

## A CHANCE TO REBALANCE THE STRATEGY AND SHAPE THE FUTURE

It's somewhat ironic that four emerging economies united under a name created by Wall Street, evidence of the fact that what the emerging countries lack is not the hard power but rather the soft one. China accepted the term because it realised that international relations were entering a new fundamental era. In the thirty years before the concept of BRICS emerged, China had to pursue an international strategy that appeared West-centric or developed-world-centric due to its need for economic modernisation. But the emergence of BRICS gave China an opportunity to rebalance its dual identities and prepare itself for a very different world political future. BRICS reinforces the globalisation that is now pertinent to economic development, and there are many reasons for China's involvement within it, three most notably.

First of all, BRICS consists of important countries and, as a group, represents the future of global power structure. China of course does not want to be myopic and exclude itself from the future. Nowadays, BRICS already has 43 per cent of the world's population, almost 30 per cent of its territory and nearly 20 per cent of its GDP. The five countries' foreign reserves reach to more than US\$300 billion; Russia, China and India are nuclear countries and have formidable conventional military forces; as of 2012, all BRICS countries were members of the UN Security Council and all the countries are active players in regional or even global affairs. The countries currently have 13.1 per cent of the voting share in the World Bank and 14.18 per cent quota in the International Monetary Fund (IMF). These numbers increased after the global financial crisis and are going to increase further, according to the reform agendas of the two organisations. More important, however, is the potential of BRICS. Though scholars contest the time, extent and scale of the power shifts in today's world politics, it has become common sense that the BRICS countries have a bright future in terms of their economic and overall power.<sup>6</sup>

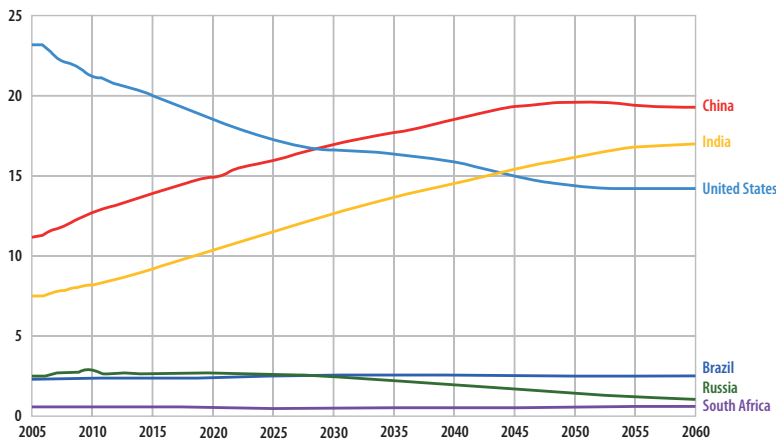
Although the momentum behind the BRICS countries' economies is slowing down to some extent, the future of those emerging economies is, generally speaking, promising given the fact that the development level of these countries is relatively low and they have great economic potential compared with the developed countries. For instance, after 30 years of economic boom, China has not yet completed its process of urbanisation and industrialisation. This process provides China strong momentum for economic growth. Between 2000 and 2008, the BRICS contributed almost 30 per cent to global growth in US Dollar terms, compared with around 16 per cent in the previous decade.<sup>7</sup> Fast economic development in recent years in these countries has shown that they have the ability to grow. If the trend continues, we will witness a critical period in the next two decades during which emerging economies will collectively rise and dramatically change the international political order. Goldman Sachs believes China's economy could become as big as that of the US by 2027; the BRICS' economy could become as big as the G7 by 2032.<sup>8</sup> By 2050, the six biggest economies in the world will be China, the US, India, Japan, Brazil and Russia; four of them are BRICS countries and the US and Japan will be the only two 'traditional developed powers.'<sup>9</sup>

For a long time, China has called for the multi-polarisation and democratisation of international politics. BRICS presents itself as a possibility of realising this 'mega trend'. Of course, economic development will not translate into power automatically. But there remains a simple and basic fact in international politics: economic size decides the governmental budget and investment in military, education, research and development, to name only



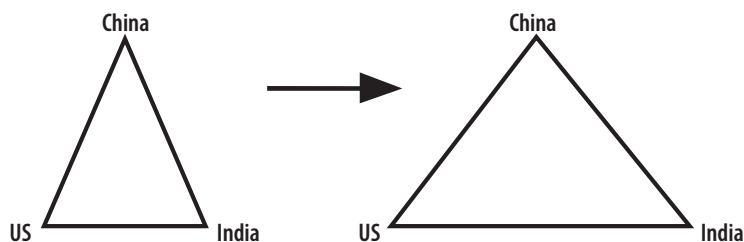
a few. If a country spends more money, it will more likely have a stronger military force, a better-educated labour force and more advanced technologies. Economic size is not equal to political power, but it gives the latter a basic platform on which to grow. If four of the biggest economies are BRICS countries, it's safe to say that we will see the 'comprehensive power' of the BRICS countries grow dramatically as well (see graph 1). The growth of a country's 'hard power', particularly military power, has a strong causal link with its economic size, though the 'soft power' may lag behind 'hard power' for a very long time.

**Graph 1:** Power projection of the US, China, India, Brazil, Russia and S. Africa (2005–2060)



Source: The International Futures (IFs) modeling system, version 6.54. IFs was initially developed by Barry B. Hughes and is based at the Frederick S. Pardee Center for International Futures, Josef Korbel School of International Studies, University of Denver, [www.ifs.du.edu](http://www.ifs.du.edu).

China wants to be ready for the future, and its preparations can be better understood through the case of the China-India-US trilateral relationship. Currently, the China-US relationship and the India-US relationship are closer than the China-India relationship; thus the trilateral relationship can be described as an isosceles triangle. This situation gives the US a great advantage over the other two countries. If the trend continues and the three countries become the three biggest economies in the world, China and India will be at a relatively difficult strategic position. It is obvious that China and India need to overcome their existing difficulties (this chapter will discuss the problems later) and develop a closer partnership. The logics of necessity behind any other bilateral relationship between BRICS countries are similar, though BRICS is probably not a silver bullet to solve all problems among them.

**Graph 2: China-India-US trilateral relations**

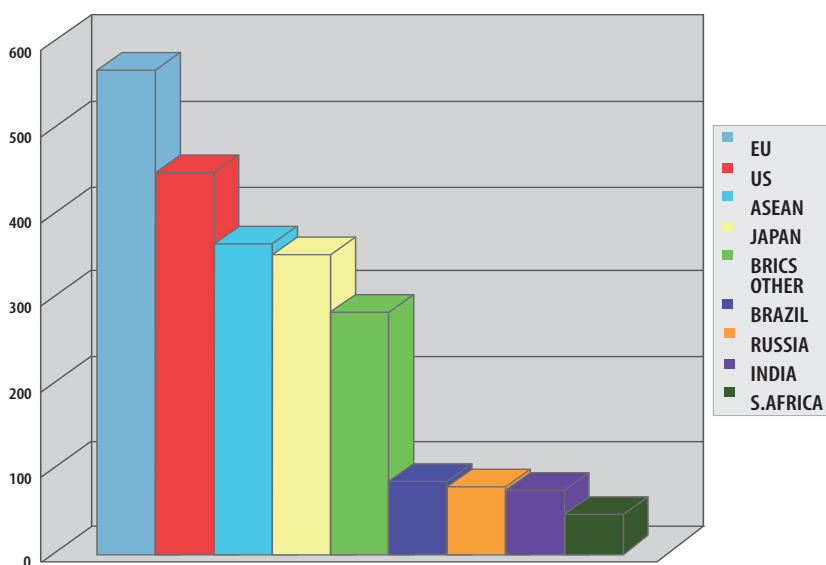
Second, the complementary comparative advantage in the economies of BRICS countries may give China a sustainable foundation for future growth. With its inexpensive, well-educated labour force and a good investment environment, China has become 'the world's factory' in 20 years. India's service sector and IT industry made it 'the world's office'. Russia has advanced military and civilian technologies and huge reserves of energy, especially oil and gas, which are what India and China need. Brazil is a major supplier of commodities and raw material to the world market, while India and China are naturally the biggest consumers given their population and the size of their domestic markets. South Africa also has rich reserves of material and a strong technology frontier. These complementary comparative advantages have formed a chain among the BRICS: China provides affordable industrial products and imports energy and material; India exports service and material such as iron ore and imports energy.

Brazil, Russia and South Africa are the suppliers of commodities such as energy and mineral resources. The levels of economic development, education and technology of Brazil, Russia and South Africa are also relatively high compared with those of China and India. Five countries can cooperate on this complementary base. If the BRICS countries can work together and develop a stable supply-consume relationship, all interests will be met. After all, the sudden rise and fall of commodity prices is in no one's interest, neither the supplying states nor the consuming states.

According to Chinese customs' statistics, China's trade with other BRICS countries reached \$282.7 billions in 2011. From among the other four countries, Brazil is China's biggest trading partner, with whom China has a total trade volume of \$84.2 billion; the volume of trade with Russia, India and South Africa reached \$79.2billion, \$73.9billion and \$45.4billion, respectively. The statistics imply two things: on the one hand, there is great potential to realise between China and other BRICS countries' economic relations. Compared with traditional partners like the EU, US and Japan, China's trade with the other BRICS countries lags behind. Brazil, Russia, India and South Africa are respectively China's 9<sup>th</sup>, 10<sup>th</sup>, 11<sup>th</sup> and 14<sup>th</sup> largest trading partners,

behind Korea, Hong Kong SAR and Cross-Strait trade (Mainland China and Taiwan). On the other hand, the growth rate of trade between China and other BRICS countries has been very high. In 2011, China's foreign trade grew at a rate of 22.5 per cent, while its trade with Brazil, Russia and South Africa grew by 34.5 per cent, 42.7 per cent and 76.7 per cent.<sup>10</sup>

**Graph 3: China's foreign trade 2011**



Source: General Administration of Customs of People's Republic of China.

Third, BRICS countries can maximise their voices and power in global governance. As BRICS' share in the global economy grows, it's natural that these countries aspire for greater rights and power in global governance. The influence that BRICS yields as a bloc is far more substantial than if they were to operate separately; this influence can be utilised with their shared views on the future global governance model. The 2012 financial cooperation agreement signed at the New Delhi summit is the most recent BRICS effort to reform current international institutions, specifically the IMF. Of course, it's too early to predict the level of financial cooperation that the BRICS countries will reach and whether a development bank of BRICS will be established successfully, but the pressure is on.

Though the IMF has increased the BRICS countries' and other developing countries' quotas, the process has been slow and the developed countries' dominance has not changed. BRICS can impose a kind of 'external effect' to press the existing institutions for reform, as well as facilitate cooperation among members. BRICS has also signed an agreement called the 'Master Agreement on Extending Credit Facility in Local Currency,'

under the BRICS Interbank Cooperation Mechanism and the Multi-lateral Letter of Credit Confirmation Facility Agreement, both signed during the New Delhi Summit. The two agreements not only accelerate the inter-trade among BRICS countries but also help promote the role of local currencies. For China, it's a helpful step towards the liberalisation and internationalisation of the Chinese currency, RMB.

BRICS is a mechanism in which China feels comfortable demanding a greater presence on the international stage, yet resists pressure from the West. Over the past ten years, though Chinese government officials and scholars have repeatedly talked about China's 'peaceful rise' or 'peaceful development', the 'China threat' theory is yet rampant all over the world. Throughout this same time period, Western countries kept urging China to take on more responsibility or be more 'responsible' on issues like climate change, nuclear proliferation and international aid, though China did play a more proactive role in these issues.<sup>11</sup> With four other countries that more or less share China's views on these issues, BRICS can ease the suspicions and concerns about China from the West.

BRICS can and has already coordinated standings on various issues related to the global economic and financial crisis after 2008. These issues can be divided into four categories: the first is the under-representation of developing countries in international institutions, particularly the World Bank and the IMF. The second issue is coordinating macro-economic and financial policies, for instance opposing further quantitative easing of developed countries, imposing stricter regulations over the inflow of hot money and cooperating towards a stable supply of energy and materials under the principle of open market and free trade. The third is making heard the developing countries' views on their responsibility on global issues, for instance carbon emission. The fourth is seeking common ground in political principles and norms, such as non-interference, multi-lateralism and opposing the abuse of military might.

In brief, from China's perspective, BRICS, as an institution consisting of non-Western major powers, represents the power shift in international politics as well as the trend of multi-polarisation and democratisation of international politics. BRICS is a propellant of reform, a platform from which emerging countries can express a coordinated voice on global governance. It is also a facilitator for sustainable economic development and cooperation among emerging economies. All these considerations explain why China participates actively in BRICS.

## A LIMITED PARTNERSHIP

With BRICS, China can rebalance its foreign strategy between established powers and emerging powers, developed economies and developing economies, Western countries and non-Western countries. While balance always means there are two sides, it is clear that BRICS' position in China's overall foreign strategy is limited, and will not solve all foreign policy questions.

For China, BRICS' function is clear: it serves China's goal of reemergence within the current international order. China has no interest in building BRICS into a confrontational organisation against the West. China does not want it to be a bloc to challenge the West and current international institutions, which is neither possible nor desirable from China's perspective. BRICS has expressed political views since it was established, but since 2011 BRICS has started to express common political views more frequently and strongly. For instance, the joint statement signed at the 2012 New Delhi Summit addressed the situation of Iran, Syria and the Middle East, to name but a few. Having a coordinated voice on these 'hot spot' issues is a great achievement for BRICS, but it's unrealistic to expect BRICS to develop any meaningful common foreign policy action in the near run. After all, the five countries' interests on various issues are different or even contradictory from time to time. For instance, Russia and China are more invested in Syria, Iran and overall Middle Eastern affairs, while India, Brazil and South Africa are less enthusiastic.

China hopes other BRICS countries can help it to resist the pressure of currency appreciation from the US and other countries, while most of the other BRICS states' interests are inconsistent with China. An appreciated RMB benefits these countries and could make their economy more competitive. Moreover, even if BRICS countries want to influence issues mentioned above in a meaningful way, they are hindered by their limited real power.

If we divide a country's international strategy into three levels – bilateral, regional and global – BRICS' role in China's foreign strategy is focused at the global level. China has some bilateral problems with other BRICS countries and it has never expected BRICS to be a platform to solve these problems. The most troubled bilateral relationship between China and other BRICS countries is the China–India relationship. The two countries have had deep-rooted distrust of each other ever since the border war in the 1960s and the competition between 'dragon' and 'elephant' over the past ten years has further complicated their bilateral relations. The territory dispute is in a stalemate and unlikely to be solved in the foreseeable future.

India is very suspicious about China's strategic intentions in the Himalayan and South Asian regions. It is also disapproving of China's long-time friendship with Pakistan and cooperation with Bangladesh, Sri-Lanka

and Myanmar. On the other side of things, India's hosting of the Dalai Lama and the Tibetan 'exile government' for decades is undoubtedly against Chinese interests. Though both countries are emerging economies and support each other for more rights and power on the world stage, some in India and the US believe that China is not an enthusiastic supporter of India's bid for permanent membership on the UN Security Council.<sup>12</sup>

China's relationship with Russia has a dark side too. Though the two governments have close cooperation, especially on international strategic issues, the foundation of their bilateral relationship is inherently weak. China's economic ties with Russia are limited in comparison with other countries in terms of the volume of trade and investment, in which the lion's share is energy and raw material. The people-to-people exchange also still has great potential. That notwithstanding, China views BRICS as basically a multi-lateral stage where global issues can be discussed, rather than as five separate bilateral relations or a platform to solve their bilateral problems. Moreover, cooperation increases trust, and trust helps further cooperation. Successful cooperation between BRICS countries on the multi-lateral stage can increase their strategic mutual trust, which will in turn accelerate the bilateral relations.

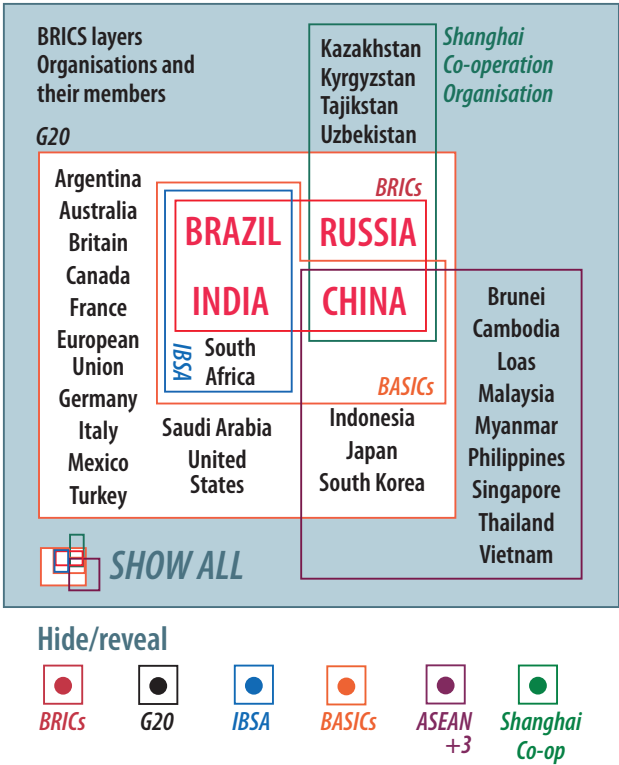
China is also careful about issues such as the expansion and institutionalisation of BRICS, and also the relationship between BRICS and other international institutions, particularly the G20. Many in China believe that BRICS has become geographically well-represented after South Africa joined the summit at the end of 2010.<sup>13</sup> The mechanism should not hastily expand. A more important task for BRICS is meaningful policy and action coordination. There are already too many international institutions in the world and BRICS should not be another 'talk shop,' as some Western media and diplomats have described it.<sup>14</sup> In the current situation, the Chinese government has little interest in constructing some new and big concept and structure for BRICS. It would rather achieve specific goals of economic and social development within the mechanism. In 2011, China hosted the BRICS Agricultural Ministers' Conference in Beijing and Chengdu, and the Meeting of BRICS Senior Officials in Science, Technology & Innovation in Dalian when it was the rotating chair of BRICS. With this kind of effort, China hopes to push BRICS to develop more concrete cooperation at functional levels.

After the outbreak of the global financial and economic crisis in 2008, the G20 became a major international institution for global governance. Before the crisis, China and some other developing countries were invited to the G7 summit and there was discussion and debate in China in the first decade of this century as to whether China could or should join the G7. The changing situation ended the debate in China and the G20 has become the

primary global institution from the Chinese perspective for global governance. The G20 is well represented because it covers more countries and includes both developed and developing countries.

All BRICS countries are members of G20 (See graph 3). China does not want to fall into a dichotomy of developed countries versus developing countries, or emerging countries versus established countries. After all, the nature of interdependence in the current international order is critical for China's success. One of the goals of the Chinese government's foreign strategy is to keep the momentum of the G20 moving. BRICS can play a role of a sub-group inside the G20 in which emerging economies and developing countries coordinate positions and strive to maximise their interests. China wants to push for sound interaction between BRICS and other institutions like the G7, the Shanghai Cooperation Organisation, IBSA, and the China (India)-Africa forum.

**Graph 4: BRICS layer**



Source: *Economist*, 'The BRICs: The trillion-dollar club', 15 September 2010.

Although all the BRICS member states share similar views on many issues, none of the countries has a clear and feasible vision or blueprint of the future world. They are not intellectually and psychologically ready to play

an alternative role on the world stage. This was demonstrated with the World Bank presidential candidate issue in 2012. The five countries expressed their dissatisfaction with the tradition of selecting an American, but were unable to propose an acceptable candidate from the developing countries. Usually, state power is realised in three ways: winning a conflict, setting agendas and shaping normality.

The power shift from the West to the East and from the North to the South is mainly occurring in the hard power aspect. Soft power does not necessarily shift with hard power and, even if it concurrently moves with hard power, it always lags behind the actual hard power shift for sometimes dozens or even hundreds of years. Countries like Great Britain declined completely in terms of hard power after World War II, but they remain major powers and exert influence in the world via their soft power. As BRICS countries' economies continue to emerge in the future, the matter of 'soft power' will remain the Achilles' heel of these countries in the short run. Until these countries catch up with the West in terms of soft power, BRICS can hardly become a strong engine for reform and redesign of global institutions.

## CONCLUSION

China is the largest economy in BRICS and thus its vision of the mechanism is naturally critical for BRICS' survival and development. Thus, understanding the Chinese perspective of BRICS and its role and position as well as the limitations in China's international strategy is very important. In brief, China's external strategy has four critical linchpins: neighbouring countries, developed countries, developing countries and multi-lateral institutions. BRICS is part of the 'multi-lateral institutions'. The aspiration to play bigger roles in international affairs and the common interest in sustaining economic development in a turbulent post-crisis era unites the BRICS countries. China shares the same aspiration, while the bilateral problems between the member states and the extent of readiness for playing a bigger role limit the prospects of BRICS. It is an important partnership that serves China's goal of emergence, but should not be exaggerated beyond that.

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## ENDNOTES

- 1 Dr Da Wei is a research professor of China Institutes of Contemporary International Relations (CICIR). This chapter is based on the author's presentation at the Woodrow Wilson International Center for Scholar's conference 'BRICS: Shaping the New Global Architecture' (28 June 2011, Washington DC). The author would like to thank the Woodrow Wilson Center for organising the event and the panelists and participants for the discussion. The views he has expressed in this chapter are his personal views and do not reflect those of any organisation he is affiliated with
- 2 World Bank, World Bank national accounts data, and OECD National Accounts data files, World Development Indicators.
- 3 'Creating a fair international political and economic order' had been a goal of China's foreign policy for long time. The discourse appeared in the political reports of the Chinese Communist Party Congress which is usually viewed as a guideline for China's domestic and international strategies and policies. Though the Chinese government has never officially abandoned the goal, it was not mentioned in the political report of 17<sup>th</sup> Party's congress which was held in October 2007.
- 4 A popular TV documentary *He Shang (Yellow River Elegy)* in the late 1980s which harshly criticised Chinese traditional culture was probably the best representation of this cultural masochism.
- 5 Wang Yiwei, 'Preventing the quick decline of the US' ( Yao Fang Zhi Mei Guo Guo Kuai Shuai Luo), *Global Times (Huan Qiu Shi Bao)*, 10 August 2006.
- 6 For instance, scholars have different conclusions about the time that China becomes the biggest economy in the world. In 2003, Dominic Wilson from Goldman Sachs' predicted that it will happen in the year 2041 (Dominic Wilson, Roopa Purushothaman, 'Dreaming with BRICs: The path to 2050', Goldman Sachs *Global Economics Paper* No: 99, October 2003). In 2007, the author changed his prediction to the year 2027 (Dominic Wilson, Anna Stupnytska, 'The N-11: More than an acronym', Goldman Sachs *Global Economics Paper* No: 153, March 2007). In 2009, Uri Dadush and Bennett Stancil from Carnegie Endowment for International Peace predicted that it will happen in the year 2032 (Uri Dadush, Bennett Stancil, 'The world order in 2050', Carnegie Endowment for International Peace, *Policy Outlook*, April 2010).

- 7 Jim O'Neill and Anna Stupnytska, 'The long-term outlook for the BRICs and N-11 post crisis', Goldman Sachs *Global Economics Paper* No: 192, December, 2009, p.6.
- 8 Ibid.
- 9 Ibid.
- 10 Regular press conference held by the Ministry of Commerce of the People's Republic of China, 18 January 2012. <http://www.mofcom.gov.cn/xwfbh/20120118.shtml>
- 11 Former US Deputy Secretary of State Robert Zoelick's speech of 'responsible stakeholder' on 21 September 2005 is probably the most important document made by a US official to ask China to be 'responsible'. See Robert B. Zoelick, 'Whither China: From membership to responsibility?' <http://2001-2009.state.gov/s/d/former/zoellick/rem/53682.htm>
- 12 After the US President Barack Obama expressed his country's support for India's bid for permanent membership in the UN Security Council, there have been different interpretations on China's position. Some believe China supports India too but there are also speculations that China is not so supportive. For instance, see Sheryl Gay Stolberg and Jim Yardley, 'Countering China, Obama backs India for UN Council', *New York Times*, 8 November 2010.
- 13 For instance, scholars such as Shi Yinhong from Renmin University and Wang Yizhou from Peking University both expressed their cautiousness towards the further expansion of BRICS after South Africa was brought into it. Ni Weifeng, 'Nan Fei Jia Meng Jin Zhuan Kuo Rong, Zhong Guo Bu Yao Dui Kang Yao Duo Ying (S. Africa Joined BRICS, China wants win-win, not confrontation)' *Xin Shiji (New Century)*, 18 April 2011. <http://business.sohu.com/20110418/n280308487.shtml>
- 14 Shobhan Saxena, 'Power of 5', *The Times of India*, 1 April 2012. Media such as New Delhi Television Limited (NDTV) also discussed whether 'BRICS can emerge as the dominant world grouping or as some western analysts say it's just an annual photo opportunity for the participating countries'. <http://www.ndtv.com/video/player/india-decides-9/brics-photo-op-or-a-concrete-global-alliance/227778>

# BRICS: A New Cooperation Model on the Horizon

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Since its first summit held in Yekaterinburg, Russia in June 2009, only two months after the second G20 summit in London, the BRICS group of countries has drawn widespread international attention. Since then, government officials, policy analysts and scholars around the world have been busy gauging the weight, significance and potential transformative power of this newly formed group. However, the BRICS seems a mechanism of great controversy, disliked by many, loved by more. In fact, the notion of the BRICS is so heavily loaded with geostrategic implications, that it's almost impossible for any analyst to remain absolutely unaffected by his or her own ideological disposition when sizing up this new group. Proponents tend to emphasise the positive side of the group, while sceptics usually exaggerate the discords and disputes among the members. This sharp divergence in the opinions on the BRICS can be explained partly by the fact that the group represents a completely new cooperation model for the emerging powers in international relations, which may possess great potential to reshape the global pattern in the post-crisis era.

After five summits and nearly four years of development, perhaps it is time to assess the strategic importance, the actual performance and the momentum of the group. After examining the unique nature of the BRICS, this chapter uses an 'IAIE' analytical framework to gauge the strengths and weaknesses of the group. Finally, some suggestions are made to broaden and deepen the cooperation among the five countries.

## A NEW COOPERATION MODEL IN INTERNATIONAL RELATIONS

The BRICS is no traditional international group. It is not a military alliance. It has no common enemy to fight. It is not a democratic group, according to the Western standard. The five members are scattered in different corners

of the world and their economies are more integrated with the West than with each other. In many aspects, the BRICS is different from the international groups we have known.

The BRICS is a group formed by a few emerging powers. The emerging powers, an alias for big developing countries with great economic potential, used to stick to the 'non-alliance policy', and preferred to act collectively with many other developing countries when calling for a more just and equal international order. When the leaders of Yugoslavia, Egypt and India first initiated the concept of 'non-alliance' in 1956, it was mainly used by the developing countries to avoid choosing sides between the two superpowers. In the Cold War, the big developing countries often sought to enhance their fame and influence by playing a leading or active role in big groups such as the 'Non-Aligned Movement' or the G77, rather than forming a small group.

After the end of the Cold War, the interactions among the sole superpower and four other global powers, namely the US, EU, Japan, Russia and China, became the main driving force for the global strategic pattern. Also during this period, a dozen developing countries embarked on a swift growth path, but never seriously considered joining their forces. They attached great importance to their bilateral ties with the developed countries while busy pursuing their own regional integration plans. The outbreak of the 2008 international financial crisis, however, accelerated and upgraded the cooperation among the emerging powers. The crisis helped to transform the BRICS from a pure economic concept, invented in 2001 by an American investment banker to help sell his investment plan, to an eye-catching international group.

The BRICS has a unique historical mission. Before its first summit, the five countries took part in two G20 summits amid the raging of the international financial storm. They were asked to answer important questions such as what the root causes of the international financial crisis were, how they would propose making global governance more responsive to the crisis, how they could help fight off the possible world recession and so on. These questions, strategic in nature, endowed the five countries with a sense of mission: at this important historical juncture the big powers had to work together. Unlike their developed counterparts who refused to discuss the systemic defects exposed by the financial crisis, the BRICS countries agreed that the international community should advance the reform of the international financial order and set up an effective long-term mechanism for the development of the global economy.

In this regard, the BRICS resembles the G7 and the G20. When the G7 was formed in the mid 1970s it faced the historical task of restoring international financial stability after the US delinked the dollar from gold. Similarly, the G20 was born when the G7 couldn't tackle the international

economic woes by itself, which highlighted the mismatch between the global governing structure and the international economic realities. However, the BRICS differs from the G7 and the G20 in one important aspect: while development has been treated as a marginal issue by the G7 and the G20, the BRICS ranks it at the top of its agenda. As shown in the five summit declarations, this issue has and will continue to act as the engine for the group's internal and external cooperation.

There is no clear-cut answer as to the central task, boundary, trend, time frame or nature of their cooperation. Anything seems possible, yet nothing is for certain. This certainly reflects a post-crisis era, which is volatile and amorphous in itself. As pointed out by the former French President Nicolas Sarkozy at a reception for foreign envoys in Paris on 18 January 2008, the world will step into an era of 'relative major powers' in the next 30 to 40 years. It is time to consider how to convert relations of competition or rivalry into 'responsible partnership,' and how to restructure the new international order in the 21<sup>st</sup> century into one that is more responsive to global challenges.<sup>2</sup> While the developed countries are trying to come to terms with their relative descent by reshaping their relations with the outside world, the emerging countries are also feeling their way forward in this increasingly uncertain world.

Yang Jiemian, the President of the Shanghai Institutes for International Studies, argues that the BRICS countries need to establish a new partnership, which enables a diverse, broad-based, cross-regional and elastic cooperation among the five countries. The cooperation should not be limited to the bilateral trade, finance and energy areas but also needs to include global issues such as climate change, energy security and international development. He believes the BRICS cooperation, which has been conducted in a gradual, practical, open and transparent way, will serve as a paradigm for the new partnership in international relations.<sup>3</sup>

A product of the changing international dynamics in the last two decades, the BRICS will also help remodel international relations. First, the pattern of interaction and the relations between the five countries will fundamentally change. The five countries share many things in common: they all boast massive territory, large and dynamic populations and a rapid expansion of the middle-income class. In 2001, they only accounted for 7.8 per cent of the world output, but a decade later the number increased to 18 per cent. According to the IMF, the BRICS' contribution to the world growth grew from -0.6 per cent in 1990 to more than 60 per cent in 2010. In the same period, the contribution of the developed countries decreased from 88.6 per cent to 30 per cent.<sup>4</sup>

Although the five countries achieved these economic successes synchronically, their economic links with each other are much less important

than those with the West. This trend has been partly reversed in the recent years. The intra-BRICS trade reached USD 310 billion in 2012, up eleven-fold since 2002.<sup>5</sup> But a closer look suggests that the inter-group trade is loose in nature, with little industrial specialisation or cooperation.<sup>6</sup> If the five countries agree to tap each other's great market potential by encouraging their enterprises to mobilise resources and organise production at a whole new level, their economic relations will be totally rewritten.

The BRICS may also pump fresh air into the South-South cooperation. The term South-South cooperation is used here to describe the exchange of resources, technology and knowledge between developing countries. The main purpose of the South-South cooperation is to help the developing countries reduce their overdependence on the world markets dominated by the North. Since the last decade, the BRICS countries have been vigorously promoting their economic cooperation with other developing regions on an individual basis. For example, the first ministerial conference of the Forum on China-Africa Cooperation (FOCAC) was held in 2000, and since then four other ministerial meetings and one summit were held. In the FOCAC Beijing summit in 2006, the Chinese government canceled US\$10 billion worth of debts owed by 39 African countries and up-scaled the assistance while extending US\$3 billion of concessional loans and US\$2 billion of preferential export buyers' credit in the following three years.<sup>7</sup> India has also held two summits with African countries so far, first in 2008 and then again in 2011. In the second India-Africa Forum Summit, the Indian government agreed to provide US\$5 billion of loans, among many other measures, to cement its economic ties with Africa.

The South America–Africa Summit, held first in 2006 and then in 2009 and 2013, provides Brazil with a channel to strengthen its ties with Africa. These cooperation mechanisms are only a part of their efforts to cultivate the relations with the other developing countries. In their own region in the last two decades, they have been active promoters and main drivers of the regional economic integration. Now with the establishment of the BRICS, new possibilities for promoting South-South cooperation are created. Within the BRICS framework, the five countries can pool their strengths and coordinate their efforts in helping the developing countries reduce poverty and build a more economically secure future. One such attempt was made at the fifth BRICS summit when the host country, South Africa, called for the BRICS and the African continent to forge a partnership for integration and industrialisation. This proposal, welcomed by the African countries, undoubtedly brought the international fame and influence of the BRICS to a new height.

The BRICS may also help build a more balanced, just and equal world order through reshaping North–South relations. One salient feature of

international relations after the end of the Cold War was the unchecked political and military power of the North. It is against this backdrop that the US and its allies were able to launch three consecutive wars. However, this round of economic globalisation, which began in the 1980s and quickly engulfed every corner of the world, has fundamentally transformed the global economic pattern, increasingly in the South's favour. Growing at an average annual rate of 4.8 per cent during this period, by 2010 the combined economic output of the South accounted for 45 per cent of world GDP, a remarkable achievement particularly when seen that, as late as 1980, the rest of the world's share was 71 per cent.<sup>8</sup>

However, this important change in the international economic pattern is not reflected in global economic governance. Before the explosion of the 2008 international financial crisis, the G7 had steered the global economy, and developed economies hogged the international financial institutions. Developing countries lacked an effective channel to voice their concerns, and their calls for a more just and equal international order were largely drowned out. However, the emergence of the BRICS has filled this void. By acting as a facilitator and coordinator, they may help bring about a more balanced and pro-development international environment in the post-crisis world.

## STRENGTHS AND WEAKNESSES OF BRICS

Since its first summit in 2009, many papers have been produced that examine the driving and restraining forces, opportunities and challenges, weight and vitality of the BRICS. However, a large number of these papers compare the different development paths, gauge the ability to sustain rapid growth or measure the competing or complementary nature of the BRICS economies. Only a few discuss the cooperation mechanism itself. Vital questions, such as how to measure the strengths and weaknesses of this group, and how to strengthen cooperation and release its full potential, remain largely unanswered. In comparison, there are abundant studies produced by Western scholars on the effectiveness of the G7 and the ways to assess it. In these studies, leadership, consensus, coordinating ability, institutionalisation, willingness to cooperate, economic liberalisation and identity, among others, are singled out as important factors determining the effectiveness of the G7. This chapter, drawing on these studies, breaks the strengths of the BRICS into four analytical factors: identity, ability, institutionalisation and external environment.<sup>9</sup>

First, do the BRICS countries have a common identity? If they do, can this identity and the common interests that emanate from it outweigh the



obvious divergences between them? Many Western scholars disparage the BRICS as a disparate group or a partnership of convenience,<sup>10</sup> convinced that they have little in common and share no common values.<sup>11</sup> But these scholars either provide no definition for 'values', or equate it with democracy. In theory, 'values' refers to a set of shared beliefs or ideals. The system of values consists of three elements: interpretation of the reality, vision for the future and ways to achieve that vision. If we accept this definition, the BRICS countries have a lot in common. Wang Junsheng, a Chinese expert on Latin American affairs with the Chinese Academy of Social Sciences, after examining how the five countries have reordered their foreign policy agenda, argues that a similar policy orientation drives their cooperation.<sup>12</sup> His colleague Xu Wenbong argues that the BRICS countries are all representatives of developing countries, powerful engines for the post-crisis world growth, active advocates of a new international financial order and promoters of a multi-polarised world.<sup>13</sup>

This chapter argues that the BRICS countries share one common identity: all of them are big and dynamic developing countries that put sustaining development and preserving security and stability on top of their domestic and international agendas. Because of this common identity, they share similar opinions and see collective interests in many global issues. For example, they all believe that countries should be allowed to pursue their own development path, that the existing economic order should be readjusted to nurture a more balanced global economy and that the existing global economic governing structure should be reformed to reflect the world economic reality. Besides these economic concerns, all of them are suspicious of the use of the so-called 'international sanctions' or 'military intervention' by the West to tame intractable members in the international community.<sup>14</sup> These important views they share lay a solid foundation for their strategic cooperation in the international arena.

Another important dimension that measures the strength of the BRICS is its ability to bring changes to the world. This can be analysed with three dimensions. First is the ability to attract followers, second is the ability to influence the international agenda and third is the ability to formulate and enforce actionable global plans. The BRICS is strong in the first dimension, medium in the second and weak in the third.

The attraction of the BRICS partly comes from its huge economic success and partly from the fact that the normative Western democracy and development has failed to bring prosperity to most of the developing world. The case that best displays the BRICS ability to affect the international agenda is their call for IMF reform. In the first BRICS summit, the four countries urged the West to advance the reform of international financial institutions. Only several months later in the G20 Pittsburgh summit, a



consensus was reached that increased the quota shares and voting power of the emerging and developing countries in both the International Monetary Fund and the World Bank. However, the BRICS can only influence the global agenda when acting collectively, and this cooperation usually is used to boycott plans produced by the West rather than to promote a constructive agenda. A lack of leadership, lack of a sense of urgency and a lack of experience in producing global plans may explain the inability of this group to act beyond the strategic talk.

Is this third ability the key to retaining the vitality and the long-term viability of the group? The answer depends on the expectations the members set for the BRICS. If they see it mainly as a consultative platform, then enhancing understanding and facilitating bilateral cooperation is more important than providing solutions to global issues. If the five countries define it more as an agenda promoter, then the ability to come up with a collective plan is indispensable. While the five members clearly have different views on the yet undefined role of the BRICS, it is more important to focus on the achievable goals in the short to medium term.

Institutionalisation is the third factor. Scholars may disagree on the exact meaning of the word, but most of them believe that a more institutionalised group can function in a more focused, coherent and effective manner. According to some scholars, institutionalisation refers to the process by which a certain pattern of dialogue or a set of norms, regulations and standards used to solve problems or manage issues is negotiated and established.<sup>15</sup> Take the G7 for example. Despite its refusal to set up a permanent secretariat, it has evolved into a highly institutionalised system over the past 38 years. Apart from the summits at the top level of cooperation, there are sherpa meetings, ministerial meetings, task force meetings, expert group meetings, working group meetings and the G8+5 dialogue.

Since its first summit, BRICS has invested great efforts into institutionalising the group. In the summit declarations, the leaders articulated their eagerness and reiterated their commission to strengthening cooperation within a more institutionalised framework. In the first BRICS summit in Yekaterinburg, the leaders 'agreed upon steps to promote dialogue and cooperation among our countries in an incremental, proactive, pragmatic, open and transparent way.'<sup>16</sup> The second summit in Brasilia welcomed the 'sectoral initiatives aimed at strengthening cooperation' among the member countries.<sup>17</sup> In the third summit declaration, the leaders agreed to focus on 'the consolidation of BRICS cooperation and the further development of its own agenda', and endorsed the Sanya Action Plan, which called for more meetings of ministers, business leaders and experts.

The Delhi Action Plan adopted in the fourth summit charted the blueprint for the next year of cooperation while highlighting four new areas of

cooperation to explore, including building a multi-lateral energy cooperation within the BRICS framework, conducting a general academic evaluation and future long-term strategy for the BRICS, initiating the BRICS Youth Policy Dialogue and enhancing cooperation in population-related issues. The Durban Declaration released at the fifth summit reconfirmed five countries' determination to progressively develop 'BRICS into a full-fledged mechanism of current and long-term coordination on a wide range of key issues of the world economy and politics'.

Now the BRICS system, though still loose and ad hoc, comprises leaders' summits, sherpas meetings, ministers' meetings (foreign, finance, trade, agriculture, health), expert working group (agriculture), high representatives meetings (security), senior official meetings or consultative meetings (science & technology, competition, environment and climate), sub-forums (urbanisation, friendship cities and local government cooperation), CGETI (Contact Group on Economic and Trade Issues), expert meetings (a new development bank), and consultations (amongst BRICS Permanent Missions in New York, Vienna and Geneva).

This enthusiasm to institutionalise BRICS, standing in sharp contrast with the dwindling interest of the G20 members in enhancing cooperation among them, may serve as an important driving force for closer and more fruitful cooperation in the future. The last but not the least factor that determines the fate of BRICS is the external environment. A favourable external environment will help enhance solidarity and facilitate cooperation, while an unfavourable external environment may weaken the cooperation momentum, intensify the internal conflicts or even paralyse the existing cooperation mechanisms.

For the BRICS group, the external environment is shaped mainly by two factors. First is the perception of the Western powers. The sudden upgrading of BRICS from a ministerial meeting to a summit in 2009 seemed to take the West by surprise. The Western scholars generally hold a negative, sceptical or indifferent view of the group. They often depict BRICS as anti-US, anti-West, and anti-system challengers, while questioning its solidarity, capabilities and effectiveness. For example, Joseph S. Nye, a famous American strategist, believes the term BRICS makes little political sense.<sup>18</sup> Some Western critics warn that the BRICS shouldn't be trifled with, predicting that in five or ten years the five countries will have the ability to fund their banks at levels that could challenge Western institutions.<sup>19</sup> However, the Western governments seem to have remained discreet in making any hasty judgements in public.

The second factor is the opinions of other developing countries. As reflected in the Sanya Declaration, the five countries are eager to increase their engagement and cooperation with non-BRICS countries, in particular

Emerging Market and Developing Countries, and relevant international and regional organisations. At the Durban summit, they turned this wish into reality by investing in the future of the African continent in a collective way. In the future, the BRICS' ability and willingness to provide alternative international public goods to their developing brothers will be vital in defining South-South cooperation in the post-crisis world. In this regard, the BRICS development bank, which has the full support of all five countries, may serve as a good starting point.

## SUGGESTIONS FOR BETTER COOPERATION

For a group still in its initial stages, the BRICS has been performing quite well. The momentum, breadth and speed of the BRICS cooperation have exceeded the expectations of many optimistic observers. However, as illustrated by the above analysis, there are problems that, if not well handled, may hamper future cooperation. For example, the five countries haven't yet agreed on their short, medium and long-term goals, not to mention creating adequate mechanisms to deliver them. Although they share many grand visions, their varying and often conflicting interests may put their strategic cooperation in danger. To ensure smooth cooperation, the five countries need to invest more into their bilateral and multi-lateral relations, boost their mutual strategic trust and set attainable goals for the various cooperation phases.

The most important aspect of all is to enhance their strategic trust. For members who are near neighbours, such as China, India and Russia, their mutual trust is haunted with border disputes, issues concerning internal stability or unpleasant historical episodes. For members who are worlds apart, distrust often arises from a lack of understanding. And for all the five countries, their economic interests may collide either because their economic structures are too complementary or too competing in nature.<sup>20</sup> Three measures are recommended for controlling these bilateral issues and enhancing their strategic trust. First, bilateral mechanisms need to be established to address and manage the potential problematic issues, preventing them from escalating into major crises that may vitiate or even stifle the strategic cooperation. Second, a blueprint should be charted for the BRICS.

Yang Jiemian proposes that, in the short run, the group needs to concentrate on cementing its internal ties and institutionalising the cooperation to serve this need. In the medium run, the group needs to develop external links with vital global organisations and work closely with regional groups. In the long run, they need to contribute solutions to the major global challenges and provide more inspiring development models for the

world.<sup>21</sup> Third, to convert the obscure strategic consensus into actionable plans, and to turn the group's potential significance into a common cause, they need to pool their wisdom. A close collaboration among think tanks or a joint think tank should be encouraged whose main task is to come up with answers to important questions such as how to better regulate the international capital flow, how to make the financial sector better serve the real economy, how to control the massive speculation in the commodity markets and how to take on other important global challenges. It may take a long time to reach any conclusions on these issues and even longer to propose any widely accepted feasible plans, but this kind of synergetic and systemic research is necessary and vital to translating the visions of the summit declarations into reality.

The second necessity that is integral to the future success of the BRICS is to cement the links between the five countries. In the context of a weak recovery of the developed world from the financial crisis, it's most important for the BRICS to boost their trade and investment ties. It is widely estimated that the developed economies, plagued by the massive government debts and with their household balance sheets in bad shape, will probably be trapped in economic stagnancy in the next decade. Meanwhile, the five countries, with their rapidly expanding markets, abundant capital, rich experiences in infrastructure building and the pro-development, not pro-speculation, investment environment, embody great hopes. To better tap the opportunities offered by each other, they need to restructure their economic ties. At the present time, their economic interactions mainly assume the form of trade.

The five countries need to facilitate trade flows by eliminating tangible and intangible barriers and to minimise the detrimental effects of bilateral trade disputes within the BRICS framework. A feasibility study on the BRICS FTA should be initiated. Mutual investment also needs to be encouraged. In the last decade, the BRICS countries have become important global investors, but they have invested little into each other. One important reason, among others, is that they generally have an investment environment that discriminates against the investors from developing countries. To stimulate and protect the mutual investments, the five governments need to work together at both bilateral and multi-lateral levels.

There is also a great potential for industrial and technologic cooperation. Industrial cooperation is an important way to enhance mutual investment. Through technological cooperation, the five countries can accelerate their industrial upgrading by better sharing each other's new technologies. The five countries can weave the existing bilateral technological cooperation mechanisms into a multi-lateral one. Besides this, technological cooperation between enterprises can also be encouraged. This will help them

forge an innovation and technology alliance, and create the technological standards favourable to the BRICS countries.

The third thing that is necessary is to further institutionalise the BRICS cooperation. In the last four years, the BRICS has successfully evolved into a comprehensive system operating at multiple levels, but more areas need to be included and diverse cooperation vehicles need to be invented. The BRICS can learn from the rich experiences of the OECD, EU, ASEAN and the G7. The G7, which seeks to increase its external influence by forging ties with other international groups and the emerging powers, offers quotable experiences. While broadening the areas of cooperation is important, key projects also need to be selected. Candidate projects include food security, energy innovation, financial cooperation and trade and investment facilitation.

The last suggestion is to boost the BRICS' international influence by reducing the concerns of the West and by forging close partnership with other developing countries. While this seems a difficult balance to strike, it is not impossible. Despite the fact that the current international system is unfair in many ways, the emerging powers see the possibility of improving their international status by achieving economic success and amending the international system through gradual reform. Thus, in dealing with the developed powers, they generally adopt a positive and cooperative attitude, avoiding head-on collision.<sup>22</sup> In fact, for all five members of BRICS, relations with the US still remain the most important of bilateral ties. That's why, before the opening of the Delhi Summit, the Indian government reiterated that the BRICS played the role of bridging the developed and the developing worlds. Chinese scholars also stress that the BRICS needs to strengthen inclusive cooperation among its five members, among the developing countries and among the developing and the developed worlds, and that the BRICS does not seek to reform the current international system in a confrontational way, but in a gradual way that respects the existing rules of the global governance.<sup>23</sup>

## CONCLUSION

The BRICS, an unprecedented cooperation model among the emerging powers, constitutes a crucial variant in international relations. Its interactions with other important global players, regions and organisations may open a door to numerous opportunities and possibilities, ushering in a different phase of the history. With the aftermath of the international financial crisis still reverberating in the developed world, and the world growth hinging more and more on the emerging economies, the five countries have their work cut out before them. To release the full potential of the group, and to

contribute to a more peaceful, prosperous and just world, the leaders of the BRICS countries should learn from history, show wisdom that transcends the present and possess a vision for the future.

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# China and the Indo-Pacific in Beijing's Strategic Calculus

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**A**s a traditionally land-oriented country, China has not paid much attention to the oceans along its coast until it became deeply involved in the global economic system and the international politics of the post-Cold War era. Now, both the Pacific and Indian Oceans have become significant geographic players that not only influence China's economic development but also determine the regional stability upon which China's peaceful development relies.

These two oceans are essential for China's domestic economic and political security. Thus, Beijing has to somehow take the Indo-Pacific into its strategic calculus so as to meet and defend national interests, especially when the international situation is becoming more complex. In this chapter, the dynamics of fledging China's policy towards the Indo-Pacific will be discussed. It will introduce the structure of this policy from a geopolitical perspective, and analyse the possibility of an integrated Indo-Pacific strategy for China. The implication of China's Indo-Pacific policy for BRICS will be concluded in the final section,

## DYNAMICS OF CHINA'S INDO-PACIFIC POLICY

The dynamic of Beijing's policy towards the Indo-Pacific is mainly related to China's economic development, national security and image in the international community. The sea lanes safety in the Pacific and Indian Oceans is Beijing's first means of guaranteeing China's economic security. Its economy is deeply intertwined with global markets, typically with natural resources such as oil, gas and ores that feed its economic development. Furthermore, a great deal of the goods made in China needs the Pacific and Indian Oceans to facilitate economic exchange.

Take oil delivery as an example. Since 2009, China has become the second largest oil importer in the world behind the US. This is predicted to increase in the future. Eighty per cent of this oil is from the Middle East and Africa.<sup>1</sup> This means that almost half of the oil that China needs is transported through Indo-Pacific waters. As an export-oriented economy, and with the development of Sino-Europe and Sino-Africa trade relations, a large number of goods made in China must be delivered to Europe and Africa through Indo-Pacific waters. Thus, in consideration of the decreasing domestic crude oil reserves and deeper global economic involvement, China will increasingly rely on the SLOCs in the Pacific and Indian Oceans.

However, the everlasting 'Malacca Dilemma' that Beijing has encountered for a long time is threatening the lines of safety in these waters. Most goods and resources to and from China have to be transported by ships through Malacca, a busy yet dangerous international strait for merchant shipping.

The Malacca Strait can also be blocked at any time if the US wants when armed conflicts occur in this region. Yet Beijing also worries about the possible threats posed by neighbouring countries with water or island disputes in the South China Sea, with China predicted to block the strait by force if these countries use this as a lever to press China to make territorial concessions.

Clearly, how to resolve the 'Malacca Dilemma,' the vulnerability of SLOCs in this region and China's high reliability on Malacca are key dynamics in Beijing's emerging Indo-Pacific strategy. Yet apart from this, to maintain regional stability while realising China's peaceful development as well as to balance US hegemony in the Indo-Pacific, Beijing must have a strong interest in these waters. From the 1990s, China's government argued that its rise would definitely be realised peacefully, a different ascension from those of the old powers such as Britain or the US.

According to the concept of 'peaceful rise' or 'peaceful development', non-violence, non-interference by force, non-aggression and a non-armed offensive should be the core parts of grand strategy.<sup>2</sup> Obviously, keeping the Indo-Pacific stable is intrinsic in this strategy. This is also a principle of China's diplomatic policy toward its neighbours, the 'Good Neighbour Policy', formally proposed by Beijing in 2003.

In consideration of the reality, not the ideology, of Beijing's peaceful development and politics, the idea of the 'Harmonious World' is at the forefront. China needs a stable yet peaceful regional situation, and this includes the Indo-Pacific. Any conflict near China's border in the Indo-Pacific region or between China and its neighbour(s) will undermine, damage, change or even interrupt China's modernisation. Its overall renaissance would halt, since it would consume China's huge wealth and energy that would

otherwise be used for development as well as cut off important channels of foreign direct investment to China.

In 1997, China-received FDI from Hong Kong, Macau and Southeast Asia, accounted for almost 70 per cent of all FDI to mainland China. The Asia-Pacific is still China's most important source of investment. In 2011, \$100.517 billion USD came from 10 countries and regions in Asia-Pacific (Hong Kong, Macau, Chinese Taiwan, Japan, the Philippines, Thailand, Malaysia, Singapore, Indonesia and South Korea). In the same period, the US and EU only invested \$2.995 billion USD and \$6.348 billion USD, respectively, into China.<sup>5</sup>

Beijing's strategic calculus in the Indo-Pacific also carried complicated political and security concerns, mainly regarding four factors: South China Sea disputes, the US's return-to-Asia, India's hegemonic ambitions in the Indian Ocean and the Taiwan issue. China has water or island disputes in the South China Sea with Vietnam, the Philippines, Malaysia, Indonesia and Brunei. Historically, there were no disputes between them until the 1970s after The UN Economic Commission for Asia and the Far East (ECAFE) declared the rich oil reserves in the South China Sea in 1968 and the UN Convention on the Law of Sea (UNCLOS) was adopted in 1982.

To some extent, the increasing territorial disputes in the South China Sea may alter Beijing's policy towards many regional states. However, Beijing's foreign policy-makers' priorities now lie in finding a good way to balance its domestic legitimacy and the Good Neighbour Policy internationally. When facing the rising nationalism on the South China Sea in this region, Beijing is also pressed by domestic demands for 'punishing' those neighbouring 'invaders'. In other words, to keep the balance between meeting civil society's demand to maintain its domestic legitimacy while continually implementing its good-neighbour policy (to maintain regional stability and harmony), Beijing has to pay more attention to the Pacific.

Moreover, the US return-to-Asia policy in President Barack Obama's first term makes the situation in this region more complicated. After deciding to withdraw troops from Iraq and Afghanistan by 2014, America now has more leeway to manage, develop and strengthen its relations with its Asian allies. It also has the resources to engage in more Indo-Pacific affairs. For example, in 2011 the US agreed to give one patrol boat to the Philippines in order to improve the country's maritime patrol capability when the Philippines fell into a quarrel with China on the South China Sea; additionally, it also instituted a military base in the northern port of Darwin in Australia. The number of soldiers on this Australian military base is projected to reach 2 500 within five years. Advanced military equipment is to be manufactured there (it also sells weapons to Taiwan). The US has also started naval drills

and strengthened military communications with Indonesia, the Philippines, Singapore, Vietnam and India.

The Obama administration has strengthened economic and financial relations at the bilateral level with China, and improved coordination on issues of global governance like climate change and nuclear proliferation. However, it has also strengthened containment towards China with military power. Besides the military bases and troops in Kyrgyzstan and Afghanistan that are near China's northwest, in the Indo-Pacific US soldiers and military facilities are stationed in South Korea, Japan, the Philippines, Indonesia, Singapore, Thailand, Guam and the Indian Ocean islands. Although the size of military bases in other regions has gradually shrunk, the bases in the Asia-Pacific have been enlarged and strengthened.

Due to the strengthening of US military power in the Asia-Pacific during Obama's term and the potential for sowing dissension to disintegrate China's peaceful resolution on the South China Sea with its concerned neighbours, the political situation in this area and even in the Asia-Pacific is more complicated for Beijing than prior to the US 'return to Asia'. Beijing is therefore increasingly facing serious challenges indirectly posed by Washington, and directly by some neighbours, to China's national sovereignty and Asia-Pacific regional security. This challenge could eventually undermine the ruling legitimacy if the Communist Party in Beijing cannot appropriately deal with it and meet domestic demands.

## **THE STRUCTURE OF INDO-PACIFIC STRATEGY FROM A GEOPOLITICAL PERSPECTIVE**

Stimulated by the dynamics that make Beijing consider the Indo-Pacific region as an arena regarding its key interests, national security and economic security, China's policy towards each state in this region can form a general approach toward the wartime region based on common targets and diplomatic philosophies; moreover, there are multi-lateral arrangements that can help Beijing interact with some Indo-Pacific neighbours as a whole in the economic, technological and political fields.

In consideration of this, it is here assumed that there is a fledgling China Indo-Pacific strategy consisting of its bilateral relationships with each neighbour. This includes external relations at multi-lateral levels in this region. Generally speaking, its strategy on the Indo-Pacific can be divided into several sub-strategies in terms of the geopolitical policies respectively toward East Asia, Southeast Asia, the Indochina peninsula, South Asia and the Pacific islands.

## TOWARD EAST ASIA

Beijing has relatively mature and skilled diplomatic relations with its neighbours in East Asia. This is a region that China traditionally focuses on. Because of US influence, the general relationship between China and neighbouring states in this region did not change much after the end of the Cold War. Basically this region is still governed by the aftermath of the Cold War since the US's alliances with Japan and South Korea have not weakened but instead strengthened. Relationships among the US, Japan, South Korea and North Korea have been frozen since the 1950s after the Korean War. Although North Korea regularly challenges its neighbours and its long-term rival, the USA, general stability and peace can be controlled and realised under the Cold War framework. The US alliance with Japan and South Korea, the China-North Korea special partnership, plus China-Japan-South Korea economic interdependence constitute a framework under which negotiation and balance of power are possible.

Under this situation, to some degree, China's general policy towards East Asia can be predicted due to its stable policies towards the other three regional countries. Nevertheless, due to the historical and territorial disputes among these countries, China's policy towards them has to adjust sometimes. China has water and territory disputes with Japan in the East China Sea and over the Diaoyu (Senkaku) Island. Their bilateral relationship is often damaged by their historical controversies, all of which results in a trust deficit between Beijing and Tokyo. This discourages regional integration. China's relations with South Korea are promoted by recent close economic ties, yet they are undermined by their disputes on water interests in the Yellow Sea and one reef in the East China Sea. Both claim sovereignty over it. These complicate relations.

However, regional stability in East Asia also benefits from multi-lateral arrangements. These include Sino-Japan-South Korea summits, originally started in 1999 within ASEAN plus three. These became independent meetings outside ASEAN in 2008 and have promoted their cooperation and mutual understanding in the fields of free trade, climate change and regional stability. Apart from this summit, there are also ministerial-level meetings on foreign affairs, human rights protection, and so on.<sup>4</sup>

## TOWARD SOUTHEAST ASIA

China has a long-term history of communication with Southeast Asian countries, most of which were vassal states in the China-centred tributary system in ancient times. They were also important sources of resources

for China since the beginning of the open-door policy that started in the late 1970s. Chinese diasporas in Southeast Asia, as primary investors in mainland China in that period, benefited the fledgling construction of China's capitalist economy. From then, China's relations with its neighbours in this region gradually became normal after Beijing formally abandoned interference policies towards the region in the 1970s. This was in lieu of non-interference and finally was replaced by the so-called 'good-neighbour policy'. Beijing's great desire for FDI and the window of linkage with the world market and regional stability was seen as necessary for the so-called construction of a socialist market economy.

Based on the integration of Southeast Asia, China developed a much deeper relationship with its neighbours in this region. ASEAN plus three (including China, Japan and South Korea) and ASEAN plus one (China) are the two platforms for the two sides to strengthen cooperation in the fields of economics, technology, education, the environment, and so on. Although China builds diplomatic relations with each Southeast Asian country, ASEAN is a convenient platform for Beijing to promote and strengthen co-operation with those states.

Economically, Sino-ASEAN relations were enhanced by the finalisation of Sino-ASEAN FTA in 2010. This was originally based on China-ASEAN's Framework Agreement on Comprehensive Economic Co-operation signed by the two sides in 2002.<sup>5</sup> Politically, China is the first country outside ASEAN to have signed the 'The Treaty on Amity and Cooperation in Southeast Asia', promoting mutual-trust in this region. In order to reduce the disputes and narrow the conceptual gap on the South China Sea issue, China and ASEAN signed the treaty Declaration on the Conduct of Parties in South China Sea in Phnom Penh in 2002. It maps out the Code of Conduct in the South China Sea, a guideline for action of related parties in this disputed water. Although both the Declaration and the Code do not outline how conflict can be resolved, they can definitely contribute to regional stability since parties can negotiate peacefully and carry on marine cooperation based upon them.

## **TOWARD INDOCHINA PENINSULA AND SOUTH ASIA**

China's engagement in the Indochina region can basically be separated at two levels. At the multi-lateral level, they are involved in the construction of the trans-Asian railway and facilitating Mekong sub-region cooperation. At the bilateral level, they invest in ports construction.

At the 62nd United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) in 2006, an agreement on the trans-Asian railway

was adopted. Four years later, the agreement formally entered into force after being signed by 18 Asian countries in Busan, South Korea. According to this agreement, related Asian countries will work together to build four trans-Asian railway networks – the modern ‘iron silk roads’– where one railway network, the Southeast Asian one, will be extended from China’s Yunnan Province to Singapore via Vietnam, Myanmar, Laos, Thailand, Cambodia, and Malaysia.<sup>6</sup> This railway network has three lines: the East line, extending from Singapore, via Kuala Lumpur, Bangkok, Phnom Penh, Ho Chi Minh City, Hanoi, and reaching Kunming; the midline line, in turns linking Singapore, Kuala Lumpur, Bangkok, Vientiane and Kunming; and the west line, beginning at Singapore, then extending to Kuala Lumpur, Bangkok and Yangon and terminating in Kunming.

Partly thanks to the fast development of China’s high-speed rail technology and abundant fiscal reserves, construction of the trans-Asian railway is under way. Some of its projects are carried on through joint investment between China and other countries like Thailand and Laos.<sup>7</sup> It will not only benefit regional economic prosperity. It will also reduce transport cost for China’s export-oriented economy and strengthen economic and political partnership with Beijing’s neighbours in Southeast Asia. Also reduced will be Beijing’s reliance on the Malacca Strait and this will partly resolve the Malacca dilemma.

Another multi-lateral project involving China in Indochina is the Great Mekong Sub-region cooperation (GMS), which the Asian Development Bank advocated in 1992. Six countries in the Mekong region – China, Myanmar, Laos, Thailand, Cambodia and Vietnam – are involved with this project. Its aim is regional economic and societal development through interregional cooperation. As the Mekong River’s upstream country, China wants to engage in this regional cooperation in the fields of transportation, telecoms, energy development, tourism, environment protection, human resources development, trade facilitation and investment.

At the same time, China has also joined two other organisations on cooperation over the trans-Mekong river, mainly the ASEAN–Mekong Basin Development Cooperation (AMBDC–and the Mekong River Commission (MRC). Although the cooperation in these organisations is effective, more joint work seems needed. However, its potential can be appreciated when considering the rich ecological and water resources, mutual complementing of trade and economy and high tourism potential in this region. For Beijing, this cooperation can both enrich its neighbours and promote regional stability and political trust. This benefits both China’s economic development and its geopolitical environment.<sup>8</sup>

Furthermore, China also has strengthened relations with its Indochina neighbours and South Asian countries through bilateral cooperation. This



has involved construction of some deep-water ports along the Indian Ocean. Invited by Pakistan's government, China invested about \$0.6 billion USD-valued ODI in the construction of the Gwadar Port which is near the Strait of Hormuz, a main channel for oil transport. China also engaged in construction of the Hambantota Port of Sri Lanka, having invested \$0.2 billion USD in the project's first phase. It also participated in construction of the port's vicinal airport. In Bangladesh, China's investment benefited port construction in Chittagong.<sup>9</sup> Besides the ports construction, China has invested in these countries' domestic transportation systems that extend from these ports.

Clearly, China's investment in these ports can lead to profits for the corporations that are invested economically, while also enhancing bilateral relations with these neighbours. The full openness of these ports for international trade after completing construction will lessen the potential of their being hijacked as well as the cost of China's energy transport and foreign trade with Africa and Europe, reducing the liability on Malacca. Additionally, it is worth mentioning the agreement on oil and gas pipelines between China and Myanmar. This agreement is projected to result in about 22 million tons of crude oil and 12 billion cubic meters of gas being transported annually from Africa, the Middle East and Asia through the lines.<sup>10</sup>

## TOWARD PACIFIC ISLAND COUNTRIES

Since the 1990s China has enhanced its partnership with the island states in the Pacific by building dialogue relationships in 1990 with the Forum of Pacific Island States consisting of 16 South Pacific countries. China gradually strengthened its partnership with this forum through many cooperative projects. At the 1999 Palau meeting of this forum, China proclaimed the erecting of the 'China-South Pacific Cooperation Fund' intended to enhance bilateral relations in the fields of trade and investment. This resulted in the establishment of the forum's trade office (PIF) in Beijing which is a counterpart of the forum's representative offices in Sydney, Auckland, Tokyo and WTO headquarters.

In 2006, China's Premier Wen attended the first ministerial session of the 'Forum on China-Pacific Island States Economic Development and Cooperation' in Fiji. There he said that China supported several preferential policies targeting the Pacific island states. These range from economy, hygiene and capability-building to the fields of tourism and disaster protection. He argued that, in order to develop friendly and cooperative relations with the Pacific island countries, it would not be 'a diplomatic expediency but a strategic decision making'.<sup>11</sup> Thus, with seven states having diplomatic relations with China, the 'Action Plan on China-Pacific Island States



Economic Development and Cooperation' was signed. In the forum meeting in 2011, China's representative reclaimed the weight of the China-Pacific island states' relations in Beijing's diplomatic scales.

Helped by the China-assisted fund, those projects regarding comprehensive ports development, airports building and telecommunication construction in rural areas in related Pacific island states are underway. China's corporations are also working with the infrastructure projects in this region – building stadiums, courthouses, parliament buildings, hotels and highways.<sup>12</sup> Additionally, within the UN's framework on assistance for Pacific island states, China had sent agricultural technicians to these countries to help develop crop production, animal husbandry and aquaculture as well as the use of water resources.<sup>13</sup> Meanwhile, China had set up a space monitoring station in Kiribati over the period of 1996 to 2006, in order to monitor the launch of its satellites and spacecrafts.<sup>14</sup>

## **POLICY ON 'BLUE WATER NAVY'**

For a long time, as a traditional land-oriented country, China has neglected the development of its navy. Yet, with the enlargement of overseas interests and international responsibility, China has had to develop a 'blue water navy.' The convoy operations in the Aden Gulf and Somali waters reflect this development. These operations were based on related UN resolutions and the UNCLOS. They were invited by Somalia's government, supported by the Chinese PLA, with the aim of combating pirates and protecting normal navigation of Chinese ships. Besides WFPs and other ships loading humanitarian supplies, foreign merchant ships are protected as well. Since December 2008, when the first convoy operation was implemented, about 4 500 ships (over half being foreign ships) have been protected or helped by China's naval escort fleets.<sup>15</sup>

Nonetheless, there is huge difficulty for China's escort fleets in carrying out operations. China's navy doesn't have any overseas military bases, even in the Indian Ocean. Thus, China's fleets have to resolve the replenishment problem by a mercantile way in several points. The main ports for Chinese fleets' replenishment include the Salalah port (Oman), the port of Djibouti (Djibouti) and the port of Aden (Yemen).

## **POLICY ON INDO-PACIFIC IN MULTI-LATERAL LEVELS**

China is deeply engaged in Southeast and East Asian affairs through multi-lateral arrangements. These mainly include APEC, the East Asia Summit

and the Boao Forum for Asia (BFA). 1991 marked China's accession to APEC. As an international governmental forum, APEC is committed to free trade and technological transfer within the Asia-Pacific region. As a country relying on an export-oriented economy and benefiting much from trade within the Asia-Pacific region, China is actively pushing these two objectives and supporting APEC's action plans.

BFA is an institutionalised international organisation with a formal secretariat erected in 2001. It is located on Hainan Island in South China. This multi-lateral arrangement is beneficial for all members to equally discuss economic and regional cooperation. China, as the host, can push the integration of Asia, mutual-understanding and mutual-trust within Asian countries, and remove hostility and conflict through dialogue. This not only helps China shoulder the responsibility of regional stability and prosperity but also enhances its leadership as a rising power in Asia.

Additionally, as a member of ASEAN plus three, China is a member of the East Asia Summit, established in 2005. Annually chaired by a member of ASEAN, it openly includes countries from three continents – Asia, America and Oceania. Due to diversification and enlargement of the membership, China's interests in this multi-lateral forum are challenged, especially when shared interests are shelved while other disputes regarding China's affairs are put on the table.<sup>16</sup> As a result, China's relations with the East Asia Summit are less harmonious than its relations with other multi-lateral arrangements as mentioned above.

## IS AN INTEGRATED INDO-PACIFIC STRATEGY POSSIBLE?

Despite China's relations with the Indo-Pacific countries being enhanced and strengthened in recent years through economic cooperation, an integrated and comprehensive Indo-Pacific strategy is absent. There are several reasons. The first is that it is not easy for China to change from being a traditionally land-oriented country to one that is ocean oriented. For thousands of years, China's national interests and security were mainly land related. As a country mostly based on agriculture, land constituted almost all of the resources and was the basis of innovation and Chinese people's happiness and hopes.

While the ocean was the natural border that strengthened Chinese self-identity and divided the Chinese from an alien world, an inward-looking approach through the land became the basic logic of China's rulers. For 4 000 years, the armed threat to China from aliens was almost always from the northern steppes and deserts – Huns, Turks, and Mongols.

Although some Japanese samurai ronin who landed in China from the coastal provinces were a source of serious trouble for China's rulers, this conversely became the excuse for a land-oriented 'closed-door' policy in the Ming and Qing dynasties. This was due to the fact that most of the threats still emanated from the north and northwest inland borders. In addition, when New China was erected, its primary diplomatic partners were the Soviet Union and Eastern European countries that could be linked via landmasses. Thus, after 1949, China was still land-oriented. The sea was a protective barrier rather than a window of opportunity. That is, until Beijing started its open-door policy in 1978.

However, since the end of the Cold War and the emergence of globalisation, the potential threat to China's national security from north and northwest borders has declined. With Beijing's globalisation of China's economic interests and rising disputes over the South China Sea, Beijing's interests and national security have become more related to the Pacific and Indian Oceans. Although the importance of the Indo-Pacific in China's strategic interests should not be undervalued, due to the long-term and deep-rooted tradition it is hard for Beijing to envisage an integrated and robust marine policy in terms of the Indo-Pacific region in a short time.

The second reason for the absence of an integrated and comprehensive Indo-Pacific strategy is that Beijing is not skilful in carrying out regional policy which, traditionally, China lacks. In ancient times, in East and Southeast Asia, the Sino-centric tributary system was the dominant international system where China did not need to have a regional policy to deal with its neighbours. Most of them were China's vassals. As the dominant and strongest country and would-be 'middle kingdom', it was easy for China's rulers to deal with relations with these vassals at a bilateral level; in addition and most important, they did not consider that there was a 'region' outside of the middle empire. In this sense, regional policy was a myth for ancient China.

Simultaneously, because the People's Republic was suspicious of the West-dominated multi-lateral organisations for a long time, Beijing was inclined to rely on bilateral arrangements to develop its relations with foreign countries, including its neighbours. According to this, a regional policy which is somehow based on multi-lateral arrangements with similar strategic objectives cannot be formed. Moreover, China is short of the skills and capacity to integrate the Indo-Pacific as a whole in its strategic policy due to the high degree of diversification and complexity in this region.

The third reason is that China lacks an adequate military capable of carrying out an integrated Indo-Pacific policy. Beijing is short of a navy that has the capability of power projection. Currently China has only one aircraft carrier without combat capability. It does not have any military

bases abroad. Thus Chinese fleets employed to protect overseas national interests in Indo-Pacific waters cannot get adequate and timely supplies in the case of conflict. Yet without question, the role of a blue water navy, as the final guarantor for a regional marine policy and an inevitable part of an ocean-oriented policy, should not be neglected or rejected in the making of an integrated Indo-Pacific strategy or policy.

Further, as a traditionally land-oriented country, China is not skilful in coordinating all related units and departments in government to work together for an integrated regional strategy which needs economic, political and military institutions to join together and work harmoniously. Due to the domestic shortfall in China's bureaucracy in coordination and cooperation, Beijing is not an experienced player for implementing an integrated strategy in the Indo-Pacific.

Nonetheless, if China carries out its Indo-Pacific relations mainly based on a bilateral level and fragments them into several sections in accordance with different geographies, this will give rise to several problems. A non-integration of Indo-Pacific strategy might make Beijing's strategic objectives in this region somewhat vague, although in reality Beijing does have clear targets and common strategic objectives in different sub-regions of an economic and defensive security nature to achieve regional stability. Undoubtedly, an integrated policy mainly based on the multi-lateral level with clearly shared aims would be more understandable by the international community. It would also be more efficient than one based upon bilateralism or unilateralism. In spite of China's accession to some regional institutions such as APEC or GMS, these groups cannot play key roles that would facilitate the promotion of China's interests in the Indo-Pacific region, at least for the present.

Perhaps today's fragmented Indo-Pacific approach is to some degree flexible enough to deal with Beijing's relationships with different countries and sub-regions, especially in consideration of the diversification of culture, history, religion and national interests in the Indo-Pacific. However, the relative inefficiency of bilateral policy, the suspicions of neighbouring countries regarding China's rise and the absence of the responsibility of a state as a rising regional power combine to undermine the effects of this fragmented approach.

For instance, Beijing's policy on fighting pirates with China's fleets somehow makes New Delhi suspicious of China's intention in the Indian Ocean. This then casts a shadow on Beijing's policy towards South Asia and even towards Indochina. Individual policies in different areas united by a fragmented strategy cannot be reinforced.

Of course this does not mean Beijing should forsake bilateral relationships. Rather, some approaches for realising an integrated Indo-Pacific

strategy should be employed. Beijing should continuously adhere to its good-neighbour policy and strengthen economic and financial cooperation. This policy, as a strategy toward neighbours, including those in the Indo-Pacific, should aim to build relationships on a basis of equality, by peaceful approaches and for common prosperity. The good-neighbour policy should build equal partnerships, realise regional stability and peace and enrich all parties in this region.<sup>17</sup>

Through this approach, the mutual trust between China and its neighbours can be accumulated and a stable regional situation can be developed, on which China's economic growth and national rejuvenation can proceed. In this sense, China should be more careful in coping with all disputes with its Indo-Pacific neighbours (such as the South China Sea issue or other water or territory debates), trying to execute them through peaceful and diplomatic measures.

In spite of the diversity of culture, history, religion and interests in this region, it is useful for Beijing to promote economic, technological and environmental cooperation at a multi-lateral level. As a regional power, China has the responsibility to advocate, lead and influence more multi-lateral institutions in this region to promote economic cooperation and regional governance on a range of issues: the environment, climate change, water resources and trans-national crimes, and maritime security.

Although contemporary Beijing-attended multi-lateral institutions are helpful for regional stability and development, more China-centred or China-led multi-lateral organisations and arrangements are needed. This would be for Beijing, as a regional great power, to commit itself to regional leadership and responsibility and promote regional cooperation. Meanwhile, it can reduce neighbours' suspicions of China's intention in the Indo-Pacific region at a multi-lateral level.

As an independent and rising regional power without any formal military and political alignment in the Indo-Pacific, China of course has both the right and responsibility to develop a navy on an appropriate scale; one not simply to defend its marine security, territorial sovereignty and globalised economic interests but also to undertake international responsibility in Indo-Pacific matters. For example, fighting piracy and protecting the safety of the international sea lanes should receive high priority. In consideration of the Chinese navy's international responsibility, enhancing the degree of cooperation with other naval powers in this region, especially with the US and Indian navies, is necessary to strengthen, promote and legitimise Beijing's responsibility in the Indo-Pacific and calm down other powers' suspicions of the development of China's blue water capability.

Finally, it is most important for China to promote coordination among all related institutions and departments within its government, at central

and local levels, in order to carry out a regional strategy in the Indo-Pacific. The implementation of such a regional strategy requires the engagement of almost all government departments. This pertains mainly to ministries of foreign affairs, finance, commerce, defence, agriculture and health at the central level and their affiliates at local levels. Beijing needs to have clear and all-agreed objectives if it is to develop a comprehensive and inter-institutional management capacity to implement an Indo-Pacific strategy.

## **CONCLUSION: THE IMPLICATIONS OF CHINA'S INDO-PACIFIC POLICY FOR BRICS**

Although China's Indo-Pacific strategy is far from being a sophisticated policy, in consideration of its development and influence its implications for BRICS are worthy of being taken into account. Generally, there are some cooperative opportunities for BRICS, especially in terms of the relational development of two countries, China and India, as members of BRICS.

Beijing's Indo-Pacific strategy mainly aims to realise its long-term general objectives: secularising its national economic development and stabilising international relations, through defending sea-lanes and building harmonious relations with neighbouring countries. As such, the potential cooperation within BRICS, especially between China and India, is a positive as well as a foreseeable project. In other words, China as a pillar member of BRICS can make BRICS serve as a major vehicle in its global economic strategy. Thus Beijing's geo-strategic economic interest in the Indo-Pacific forms a vital geo-economic backdrop for such a strategy. In this sense, China's Indo-Pacific strategy can use BRICS as a constructive tool to promote its economic development and stabilise international relations in this region.

BRICS, as a vehicle for internationalising China's currency, will facilitate China's integrationist agenda within the Indo-Pacific in as much as the BRICS inter-banking mechanism emphasises local currency transactions in trade and investment. China has accelerated currency swap arrangements in Asia and the Indo-Pacific in pursuing economic relations. This can encompass the entire Indian Ocean Rim, including economic relations along the eastern and southern African littoral (and indeed, China already has currency arrangements with India and with Chinese Taipei). The BRICS Bank that will be born sooner or later will benefit all members of BRICS. It will reduce the hegemonic impact of dollar-based international banks and corporations. China as a country with huge foreign exchange reserves will absolutely be a big contributor. Obviously, the BRICS Bank's building and the internationalisation of Renminbi (RMB) in the Indo-Pacific region will be self-reinforcing.

Furthermore, China's foreign aid and international cooperation in the Indo-Pacific region can enhance economic relations with India and South Africa as well. If China can reduce high reliance on the Malacca Strait through supporting port construction along the rim of the Indian Ocean with railway construction in Pakistan, India, Myanmar, Laos, Cambodia and other countries in the Indochina Peninsula, and through positive anti-pirate convoy operations in the Gulf of Aden by the Chinese People's Liberation Army (PLA), economic relations with Africa (including South Africa) will be encouraged and promoted more safely. Meanwhile, Beijing-Delhi cooperation in the Indochina Peninsula is encouraged by India's 'Look East' policy. Accordingly, Beijing and New Delhi can find appropriate ways to interact economically in this region. They can also cooperate in the Gulf of Aden and Indian Ocean anti-pirate convoys, including naval drills on anti-terrorism and rescue operations.

Simultaneously, China's geo-economic agenda in the Indo-Pacific, within a BRICS context, is complemented by its geopolitical integrationist strategy in Central Asia via the Shanghai Cooperation Organisation extending into the northeast Asia-Pacific triangle that China shares with Russia and Japan and in its RIC triangle with India and Russia (within BRICS), connecting China's linkages in north-central and South Asia.

Nevertheless, China's Indo-Pacific policy does pose challenges for BRICS. This is particularly the case in China-India relations. There is distrust between Beijing and New Delhi due to their long-term intractable border issues. China's Indo-Pacific policy is to some degree considered by New Delhi as a vehicle to crowd out India's influence in the Indian Ocean which it views as India's backyard. For example, China's South China Sea policy is undermined by New Delhi's engagement in this disputed water with those countries having water conflicts with China. This seems motivated by a need to respond to China's engagement in Pakistan-controlled Kashmir. Meanwhile, India also views China's development of a blue water navy as having competitive implications in the Indian Ocean.

However, with a mutually satisfying resolution of their border issues, these two countries can enhance their strategic cooperation on many levels, including within BRICS. This is especially so considering their joint rise as two giants in their shared region. If New Delhi can abandon its inferiority complex when facing Beijing and overcome seeing actions by China in the Indian Ocean, Indochina Peninsula and South Asia as challenges aimed at it, China's Indo-Pacific policy can promote good cooperation within and beyond BRICS.



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## ENDNOTES

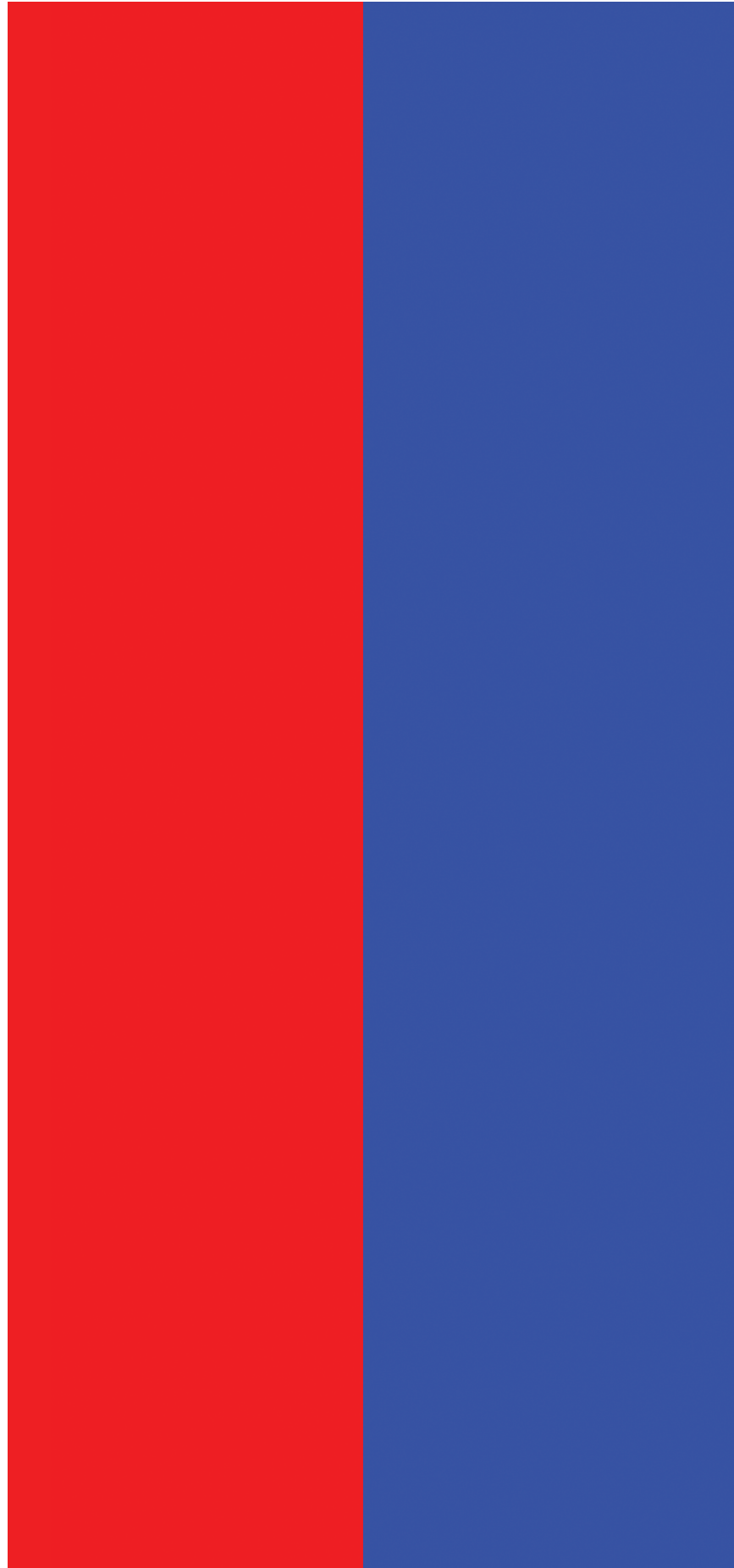
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- 2 Chinese President Hu Jintao has said that '(China) insists on the road of peaceful rise and insists on good relations with all countries based on Five Principles of Peaceful Co-existence'. See Hu Jintao, Speech on the Commemoration of the 110th Anniversary of the Birth of Mao Zedong, 26 December 2000.



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- 4 By now, they have ministerial-level meetings in the fields of agriculture, foreign affairs, tourism, transport, health and commerce, etc.
- 5 The agreement can be found at the ASEAN website: <http://www.aseansec.org/13196.htm>
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- 8 In addition, China attends the Pan-Beibu Gulf Economic Cooperation which includes China, Vietnam, Philippines, Malaysia, Singapore, Indonesia and Brunei. Its general secretariat is stationed in Nanning city of China.
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- 17 The good-neighbour policy was formally advocated by China's Premier Wen Jiabao in October 2003 when he attended ASEAN's Business and Investment Summit. This policy basically includes three dimensions: friendly partnerships with neighbours, stabilising this region and enriching neighbours.







# Russia's Identity Dilemmas: BRICS, the G8 and the Shanghai Cooperation Organisation

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## INTRODUCTION

Immediately after the collapse of the bipolar system which was the dominant model of international relations during the Cold War, various new global models, as well as sub-regional models, began to form. Eventually, an attempt was made to form a system in which the arbitration as regards to global and major regional problems belonged to a group of developed (predominantly western) states. Within this framework, the 'G8' was envisaged as the headquarters for the deliberation and resolution of economic and political issues. The decisions of this body would then be implemented within individual nations through domestic political mechanisms and be codified within international organisations.

Russia, China, India and other states were not perceived by the group of developed states as posing an immediate threat (as was the case with the USSR). At the same time, a tough competition on economic and political issues took place. Thus, the aforementioned nation states harshly criticised the Western approach to global politics and adopted the notion of multipolarity as a common platform.

As the financial crisis of 2008 unfolded, a relative weakening of the Western bloc, with a simultaneous strengthening of the developing states' group, became fairly obvious. This tendency actually became apparent even before that - as early as at the turn of the 21st century. After 2008, the leaders of the developing world undertook successful attempts to institutionalise their cooperation by forming the BRICS group. High level ministerial meetings, as well as mid-level conferences, began to occur under the auspices of the BRIC format. A broader group of states established the 'G20' which became the centre for harmonisation of the states' positions on financial issues at the most acute phase of the crisis. An even broader collection of states known as the 'Group of 77' has, practically speaking, a

limited scope of influence on economic and political issues, but much like 'BRICS' and the 'G20', the 'G77' emphasises reforming the current system of finding solutions to global and regional issues.

Under these circumstances, the influence of the 'G8' has proportionally declined. According to Russian estimates, the role of the 'G8', particularly during the crisis of 2008-2010, is somewhat diminished. Whether that trend will continue is a debatable issue that merits careful consideration and discussion.

These developments have posed a variety of difficulties for Russia. In the 1990s and 2000s Russia invested considerable time and effort in order to join the 'G7'; as a result, the 'G8' came into being. However, the 'G7' does not include Russia in financial discussions. In talks which include Russia, the 'G8' discusses chiefly non-economic issues. As such, although Russia was able to gain membership in the 'G7', the group's agenda significantly changed as a result.

The G8 displays interest in Russia acting as an intermediary between the G8 and the 'BRIC' countries. At the same time, the 'G7' only allows Russia to have limited impact on the overall decisions of the 'G8'. In resolving financial issues, the 'G7' denies Russia access to decision making altogether. It seems that the 'G8' wants to have its cake and eat it too by limiting Russia's influence within the group, but utilising Russia's external clout to champion the group's influence throughout the rest of the world. Given this fact, one might expect a period of an active harmonisation of positions within the Group, which, if successful, will end in a consolidation that essentially transforms the 'G8' back into the 'G7'. This scenario is more likely than the possibility that the agenda of the 'G8' will once again include financial and economic matters.

Russia, in its turn, is restrained by obvious limitations to act from the positions of solidarity with the 'G8'. Russia is a member of BRICS. And it is that group that the Eight sees as its main competitor. Simultaneously, Russia is still interested in having access to the decision-making discussions within the group of developed states. There is no reason to voluntarily give up such access.

As it stands, there are some complex tasks facing Russian diplomacy. In essence, Russia is not interested in the 'G8' consolidating its positions and becoming a full-fledged faction in the 'G20' and within other international organisations. If this were to happen then a high degree of discipline and solidarity with the Group of 7-8 will be required of Russia, which is simply not possible for Russia given its participation in BRICS. But it is precisely in that direction that key members of the 'G7' may push developments.

The correlation between the 'G8' and the 'G20' has been actively discussed by Russian experts. On the one hand, it is understood by Russian

experts that the composition of the 'G20' is more adequate to the new realities of globalisation. On the other hand, as the crisis in the euro zone and a slew of other events show, the G20 has not always proven to be effective and the actual implementation of decisions formulated within this format leave something to be desired. A desire to, perhaps, discuss the European crisis within the framework of the Eight or even to bring back discussions on economic matters or a substantial share of them.

The Group of Eight as a whole represents one pole, one civilisation. Generally, albeit with some reservations, Russia may be recognised as a part of that civilisation. That fact has both advantages and disadvantages. It is easier to discuss political issues in the 'G8' and the discussions there are less formal and more confidential than within the 'G20'. Nevertheless, it is recognised by Russia that the membership of the Eight is not quite adequate for the realities of today's multipolar and multi-civilisational world. Still, the political discussions within the 'G20', a body which includes a very diverse array of nations, may complicate the implementation of necessary economic decisions. That is why Russia will likely try to avoid excessive 'politicisation' of the 'G20'. In Russia they believe that the potential of the Eight as a certain generator of the processes in various spheres of international life has not been exhausted, but its role will change. Meanwhile, Russia, by virtue of its own unique nature as a both European and Asian state, will be able to work effectively in most diverse formats: in the 'G8', in the 'G20', in BRICS, in the SCO and, if necessary, in the 'Islamic Conference'.

At present Russia, without relaxing its efforts in the Western direction is actively seeking entry into various structures of cooperation in Asia. That is precisely what, in diplo-speak, is called a multivectorial approach and 'wide net diplomacy'. Therefore, despite Russia's understanding of the limitations of the G8, and discounting the attempts of other G8 members to use the framework of the aforementioned organisation in order to push decisions that do not quite meet Russian interests, Russia will not lose the opportunities it has acquired as a member of the G8. It needs those opportunities in order to solve the main task of its foreign policy: to create the most beneficial external conditions for Russia's internal development and modernisation. Besides, participation in the G8 enhances Russia's ability to influence the international processes. At the same time, it is well-understood in Russia that, as a good citizen of the international community, it is obliged to play by the rules of the international system and act in accordance with the informal traditions that materialised prior to Russia's ascension into the G8. Taking into account all of those aspects, Russia will try to derive maximal benefits from its presidency of the G8 in 2014.<sup>2</sup>

## RUSSIA IN RIC AND BRICS

The idea of a trilateral interaction in the format of Russia, India and China (RIC) was first voiced in December, 1998, by Chairman of the Russian Government Yevgeny Primakov during an official visit to India. He spoke then about a desirability of creating 'Moscow – Delhi – Beijing strategic triangle'. Initially that initiative was perceived in Beijing and New Delhi in a rather reserved way. Nevertheless, as China's relations with India were improving and Russian-Chinese and Russian-Indian cooperation was deepening and in view of geopolitical changes in the world, India and China began showing their interest in trilateral contacts with Russia on a broad range of political and economic issues.

The first meetings of the ministers of foreign affairs in the trilateral format took place 'on the margins' of the sessions of the UN General Assembly in New York in 2003-2005, as well as Almaty within the framework of the ministerial Conference on interaction and confidence-building measures in Asia (CICA) in October, 2004. And the first separate meeting of the heads of the foreign ministries of the RIC who convened without participating in any other event, took place in June, 2005, in Vladivostok. Such meetings have been held regularly since then.

The first highest level RIC-format meeting took place on July 17, 2006, 'on the margins' of the summit of the Group of Eight in Saint Petersburg. It was attended by President of Russia Vladimir Putin, Prime Minister of India Manmohan Singh and Chairman of the PRC Hu Jintao. At the meeting in Harbin in October, 2007, the three countries' foreign ministers decided to give a shape to the interaction in a number of directions and to appoint their supervisors. They selected agriculture (supervised by the PRC), prevention of natural disasters and elimination of their aftermath (Russia) and public health care (India) as the most promising fields. Various events are held in those three directions: contacts between the relevant departments, trilateral expert meetings. A mechanism of consultations among the heads of the foreign ministries' territorial departments began to function, and the first meeting within its framework was held in Moscow on February 29, 2008. Besides the official part, contacts are developed at the non-governmental level too. In general one may say that the cooperation within BRIC framework proved useful for Russia and China, but it is carried out in a limited number of areas, which probably will not be expanded to avoid a duplication of BRICS events.

BRICS group is an example of an idea that has become a reality. Surprisingly...surprisingly to many, the four countries accepted O'Neil's acronym and decided they indeed had common interests and reasons to coordinate their efforts. The first meeting of the foreign ministers of BRIC



states took place in Yekaterinburg in May, 2008, and November of the same year saw the finance ministers' meeting in Sao Paulo. A number of international issues including joint efforts to combat the crisis were discussed at the meetings.

In July, 2008, the first meeting of the leaders of the Four took place 'on the margins' of the conference of the Group of Eight in Toyako (Japan). And already in late November, 2008, Russian President Dmitry Medvedev, being in Rio de Janeiro, declared for the first time the intention of BRIC countries' leaders to hold a separate summit in Russia. It took place in July, 2009, in Yekaterinburg the day after the annual session of the Council of the Heads of State of the SCO. In December, 2010, the group was joined by South Africa and BRIC became BRICS. The first newly composed BRICS summit took place on April 14, 2011, in the Chinese city of Sanya (Province of Hainan).

BRICS is not a union and not even an organisation. The group has got neither permanent operating bodies nor a staff of officials nor founding documents. As the consolidation of BRICS coincided in time with the world financial crisis and the strengthening of the role of the Group of 20, BRIC began positioning itself as a centre for elaboration of decisions for the 20 which could be alternative to the proposals made to the 20 by the Group of Eight. Before that within the framework of the Twenty created to solve the problems of the world economy only one group of states worked actively, that is, the G8 which reflected the developed countries' interests. Naturally, all other states that sometimes held different views were interested in a centre that could produce proposals reflecting their interests as well. BRICS today tries to become exactly such centre.

A period of the unilateral domination of the USA in the world began after the collapse of the USSR. That fact caused a dissatisfaction in many capitals of large states on various continents, which has some interests different from the West but lacked sufficient resources to defend them single-handedly. A talk about a multipolarity began in the world, but one of the poles remained the most powerful one. Naturally, the weaker poles started searching for a possibility of combining their efforts.

All that, however, does not mean that BRICS tries to take the place of the USSR. The world has changed and the interests of BRICS and those they represent are not opposed to the Western ones. Everything is interrelated in the rapidly globalised world: an economy's development is impossible without the cooperation of others, primarily the most advanced economies. All BRICS states closely cooperate with the West. But the interests of BRICS and those of the West on a number of global problems of the world are different. It is on that rather narrow range of issues that they coordinate their efforts.

Those are, first of all, the problems related to the world financial and economic system – development of the world markets, post-crisis regulation,

reform of the world banking and currency systems and institutions (here the coordination between the BRIC states has already brought its fruit). But those are not the only ones. The BRICS states begin to coordinate their positions on other global issues as well: climate change, problems of security and combating the terrorism, fighting the drug traffic, 'hot spots'. BRICS is gradually emerging beyond the frameworks of economic matters and turns into a centre that elaborates proposals on a whole spectrum of pressing contemporary problems regarding the interests of the non-Western world.

That is the meaning of Russia's participation in BRICS. As the only participant of both the Group of 8 and BRICS, Russia is in an especially advantageous position. Its cooperation with the West develops in a fast and constructive way, with no implication of its taking an anti-Western position of 'doing it alone'. On the contrary, Russia, by playing an active role in both groups, can become a bridge between the West the non-West, the developed world and the developing one. Its geographic location, mixed culture, multi-ethnic population and contemporary geopolitical reality invite it to do that. And in order to play that role a close interaction with China as a leader of the non-Western world is extremely necessary. In general, the cooperation with China on a wide spectrum of directions objectively strengthens Russia's positions on the international arena as an independent centre of power.

## **RUSSIA IN THE CENTRAL ASIA AND THE SCO**

The Shanghai Cooperation Organisation grew out of the so-called 'Shanghai Process', in which initially five states, namely Russia, China, Kazakhstan, Kirgizia and Tajikistan, participated. The 'Process' origins were in the negotiations on the border issues that existed between the then USSR and the PRC. The nucleus of the SCO was composed by the members of the so-called 'Shanghai Five' (China, Russia, Tajikistan, Kazakhstan and Kirgizstan) which after the disintegration of the USSR inherited unsolved problems of the former Soviet-Chinese border.

Having solved the problems directly stemming from the tendencies that took shape when the USSR existed, the members of 'Shanghai Five' went further on. Realising the necessity to expand the cooperation, they formed a new regional organisation – the Shanghai Cooperation Organisation (SCO). It turned out that the states of the region had some other common interests. Gradually the members of the new international organisation proceeded from the solution of border issues to a joint consideration of a wide range of problems of security, economic and cultural cooperation, that is, they

found a sphere of common interests going well beyond the frameworks of the initial tasks of the Five.

The Declaration of the establishment of the SCO was signed at a meeting of the six states' heads in Shanghai on 15 June 2001. The members of the former 'Shanghai Five' plus Uzbekistan joined it. The accession of Uzbekistan implied a formal expansion of the Shanghai Process outside the frameworks of issues related to the former Soviet-Chinese border: Uzbekistan doesn't have a border with China and some quite different interests make it close to the five countries.

The SCO summit in Saint Petersburg on 7 June 2002, adopted the Charter – the fundamental statutory document establishing the goals, tasks and principles of the organisation, its structure and main directions of activity. According to the Charter, the main goals and tasks of the SCO are: to strengthen mutual trust, friendship and good-neighbourliness between the member states; to consolidate multidisciplinary cooperation in the maintenance and strengthening of peace, security and stability in the region and promotion of a new democratic, fair and rational political and economic international order; to jointly counteract terrorism, separatism and extremism in all their manifestations, to fight against illicit narcotics and arms trafficking and other types of criminal activity of a trans-national character, and also illegal migration; to encourage the efficient regional cooperation in such spheres as politics, trade and economy, defence, law enforcement, environment protection, culture, science and technology, education, energy, transport, credit and finance, and also other spheres of common interest; to facilitate comprehensive and balanced economic growth, social and cultural development in the region; to coordinate approaches to integration into the global economy; to promote human rights and fundamental freedoms in accordance with the international obligations of the member states and their national legislation; to maintain and develop relations with other states and international organisations; to cooperate in the prevention of international conflicts and in their peaceful settlement; to jointly search for solutions to the problems that would arise in the 21<sup>st</sup> century.<sup>3</sup>

Cooperation in the field of security and, first of all, in combating the international terrorism is a major direction of the SCO activity. In the late 20<sup>th</sup> and early 21<sup>st</sup> centuries all six members in varying degrees encountered Islamist extremism and terrorism often linked to separatist movements and international fundamentalist organisations.

In the West, especially in Washington, they initially voiced two opinions regarding the SCO – a hostile and a sceptically indifferent one. Some argued that China and Russia tried in the form of the SCO to bring about their dream about a counterbalance to the American foreign policy by means of creating an alliance hostile to the USA. Others believed the SCO was harmless, but it

made little sense, all that being just empty propaganda attempts by Beijing and Moscow to elevate their international authority, attempts that could hardly contribute to the efforts of the US-led anti-terrorist coalition.

Both those assessments of the SCO are poorly argued. On the one hand, the SCO has never set itself a task to turn into an anti-American alliance. Creation of such an alliance would be at odds with all official documents of the organisations, but most of all – the interests of its members each of whom is extremely interested in cooperating with the USA and the West as a whole to implement the tasks of their own economic development. That opinion is predominant both in Russia, China and the states of the Central Asia that would not wish to be turned into small coins in great powers' disputes.

On the other hand, the SCO countries became aware of the danger of international terrorism long before the events of September 11, 2001. Currently, security cooperation is the main direction of the SCO activity. In the SCO approach to international security issues, the struggle against terrorism, first of all, is much broader than that of the US and its allies. While in Washington they give priority to military strikes against the terrorist centres and offensives against the states sponsoring terrorism (any regimes undesirable to Washington are sometimes elected to that role); the SCO states see a direct link of international terrorism to separatism and religious extremism. Clear-cut definitions of all three notions are contained in the Convention on Combating Terrorism, Separatism and Religious Extremism signed at the SCO summit in Shanghai in June 2001, at a time when a universally accepted international definition of terrorism did not yet exist.

It is in connection to the SCO's broader understanding of the struggle against terrorism that its member states have formulated their position on the issue of the presence of military units of the US and the other states participating in the so-called 'anti-terrorist coalition' deployed in Central Asia. The SCO members tend to see the presence of foreign troops in the region pragmatically. Expressing that opinion, Deputy Minister of Foreign Affairs of Russia Alexander Losyukov in an interview with *Vremya Novostey* newspaper (24 July 2003) spoke about the fight against the terrorist threat in Central Asia:

Neither we, nor China are glad that the American military presence appeared in the Central Asia. That is a new and very serious element in the balance of forces in the region... We could... cope with that threat neither alone nor with China's help. Afghanistan was in danger of becoming totally Taliban-controlled. And then the instability would have flooded over the border... And American presence emerged as a result of the struggle against that threat, with us being

interested. By means of the US intervention it became possible to remove that threat, albeit not completely, and that is a significant achievement. We see the USA not as an adversary, but as a partner in this struggle, with whom we have interests coinciding in many respects. The Chinese also understand that.<sup>4</sup>

At the same time a concern existed too in the SCO member states that the US might use their military presence in Central Asia not only to combat international terrorism but also to serve their own egotistic interests to the detriment of the states of the region.<sup>5</sup>

Based on such concerns, ministers of foreign affairs of the SCO member states in their joint statement remarked as early as in January 2002 that the activities of the International Security Assistance Force (ISAF) in Afghanistan that was created by a decision of the UN Security Council and in which the US military played the major role, 'should be carried out in accordance to the UN SC mandate and in agreement with the lawful authorities of Afghanistan'.<sup>6</sup> A call was incorporated into the Declaration of the Council of Heads of State of the SCO, adopted at its session in Astana in 2005, to determine the final terms of the stay of the ISAF (commanded by the NATO since 2003) in Afghanistan.

One of rather wide-spread theories both in Russia and abroad is a postulate of the inevitability of Russian–Chinese rivalry for the spheres of influence in Central Asia. Launched in the West by political scientists of geopolitics exemplified by Zbigniew Brzezinski or Samuel Huntington who build abstract schemes of the type of 'chess boards', 'great games' and 'clash of civilisations', they have become rather well-known in the post-Soviet space. The popularity of such ideas in the US may be explained by the aspiration of the anti-Russian and anti-Chinese-minded conservators to present the desirability for the reality: according to their notions, conflict and struggle between Moscow and Beijing would play into Washington's hand.

As for the post-Soviet space, here the proliferation of the idea of the inevitable Russian–Chinese rivalry is partly based on a pedantic piety towards Western theories and partly on political approaches. In Russia, in particular, the danger of China is usually mentioned by extreme 'Westernisers', who wish thus to encourage an orientation to the US and Europe, as well as extreme nationalists who believe that Russia is threatened by everything in the world including China.

The theory of Russian–Chinese rivalry in Central Asia takes various shapes. One of those is expressed in the doubts voiced about the benefits of Russia's participation in the Shanghai Cooperation Organisation seen as a kind of Chinese project to subjugate Russia to Beijing's interests. A number of Russian experts claimed that the SCO was dominated by China which solves its strategic tasks at the expense of its partners, first of all Russia,

within the frameworks of the organisation. For instance, Vilya Gelbras, Professor of the Institute of Countries of Asia and Africa of the Moscow State University, noted that for China the 'good-neighbourliness' and 'cooperation' had become synonyms to a consent to 'one way street' interaction.<sup>7</sup> He wrote: 'Russia is among the historical offenders of the Chinese nation. And Beijing took an active offensive stance vis-à-vis Moscow, steadily and in an extremely insistent way achieving more and more concessions from it'.<sup>8</sup>

Vilya Gelbras sees the creation of the SCO in which China took 'leading positions' as an example of success of that 'good-neighbourly' and 'friendly' thrust: 'For instance, the creation of the Shanghai Cooperation Organization, praised by almost all its participants, in fact means that Russia and its partners in the CIS publicly and politically accepted the expansion of the sphere of China's vital interests over the whole of Central Asia. That way they objectively made all the contribution they could to "the great revival of the nation of China"'.<sup>9</sup>

Analysing the Russian approach to Central Asia, Deputy Director of the Institute of World Economy and International Relations of the Russian Academy of Sciences Vasily Mikheev remarks that the policy of Moscow in that region is to a large extent affected by the Chinese factor. In Vasily Mikheev's opinion, as China materialises those aspirations for leadership by means that include consolidation of its positions in the SCO, Russia in its policy in the region has to rely not on the SCO but on the Collective Security Treaty Organisation (CSTO) and EurAsEC, in which the PRC is not present.

For the same reason, the author believes, it is not beneficial to Russia to strengthen the SCO to the detriment of an increased competitiveness of the countries of Northern Eurasia through their participation in the EurAsEC and the CSTO. In his opinion, in Moscow they are coming to 'an understanding that in the future the Russian-Chinese relations in the SCO will assume an increasingly more complex nature', and 'a need is taking shape to see the main challenges and threats posed by China to Russia and the SCO'.<sup>10</sup> In Beijing, Vasily Mikheev explains, concerns are caused by Moscow's attempts to use the SCO to control China's behaviour in the CA and the doubts regarding the viability of that organisation and disappointment with the work of the already created SCO bodies grow.<sup>11</sup>

The above-mentioned opinions of Russian experts do not have real grounds, and in a number of their components they are based on obvious errors. With regard to China's domination in the SCO and its allegedly leading role, there is no evidence of that. The procedure of taking the SCO top positions is on the basis of periodic rotation of representatives of the member countries, and all decisions are taken by consensus. Russia's contribution to the SCO budget is equal to the Chinese one. The SCO members

have agreed to locate the SCO Secretariat in Beijing because China offered better accommodation. At the same time the other most important SCO body – the Regional Counter-Terrorist Structure (RCTS) – operates, as mentioned above, from Tashkent. And anyway the location of the HQ does not mean much. One may not realistically argue that the US dominates the UN simply because the majority of the UN bodies are located in New York.

Of course, the economic and political clout of such a powerful state as the PRC in the SCO (similar to that of the US in the UN) is great. But it is precisely the reason that membership in the SCO – in all its documents stating the members' equality – is beneficial to the weaker ones by equalising them in their rights with the strongest members. This bears likeness to the way the UN SC membership equalises the political clout of Russia (and its other members) in that body with that of the US, that fact, by the way, often causing Washington's dissatisfaction.

In Central Asia they do not see the SCO either as an anti-American organisation or as a body maintaining a single country's interests. For instance, in the opinion of former State Secretary of the Kyrgyz Republic Ishenbai Abdurazakov, the SCO should become just one of the four tools of regional security in Central Asia along with the anti-terrorist coalition in Afghanistan, the Treaty on Collective Security of the CIS member countries and the Partnership for Peace programme. The above-mentioned bodies engage the US, Russia and China and their role is seen from the Central Asia as a complementary rather a competitive one.

One may agree with a conclusion made by Chinese expert Zhao Huasheng that the Central Asian states are not interested in a confrontation between the great powers in the region as they do not wish to become victims of such confrontation and do not wish the other states to use their territory to that end because that will put them at a disadvantage. 'This factor to a very great extent prevents a transformation of the interrelations between China, Russia and the USA in the region of the CA into a destructive confrontation', Zhao Huasheng concludes.<sup>12</sup>

Some sceptical assessments of the SCO are voiced in China too, but they are chiefly caused by a concern that the organisation is far too slow in developing economic cooperation. They draw attention to Russia's passivity on the SCO economic cooperation issues and its aspiration to develop cooperation with the Central Asian states exclusively within the EurAsEC frameworks.

A theory promoted by some Russian mass media that China allegedly tries to 'overtake' Central Asia by economic means to the detriment of Russia's interests has nothing to do with the reality. Similar to Russia and the other SCO members, China is primarily interested in political stability and economic development of the states of Central Asia. Chinese real



economic interests there are minimal. It should not be forgotten that the share of Russia and the Central Asian states taken together in China's foreign trade turnover is less than three per cent. Even an acquisition of all the markets of Central Asia altogether would not add much to the Chinese economy.

China's interest in Central Asia is chiefly of a strategic, not an economic nature; not in terms of establishing a control but rather to eliminate the instability and terrorist threats coming from there to China itself. In the opinion of the majority of Chinese experts, Beijing consents to take into account the traditional Russian interests in that region. Replying to some Russian fears about the relatively increasing role of China in Central Asia, Li Fenglin, a leading Chinese expert, states straightforwardly: 'China has no intention to become the leader either at the regional or the global level. China treats with understanding Russia's aspiration to retain its traditional influence in Central Asia'. At the same time Beijing does not intend to be passive simply due to Russia being insufficiently active here. As Li Fenglin fairly well remarked, China is not against 'Central Asia [being] a kind of Russia's "backyard". That's right. We understand that, but the yard should be taken care of somehow, its flowers should be watered in order to keep it free of bad weeds'.<sup>13</sup>

It seems that the interests of China in the region of the Central Asia coincide with those of Russia as well as with the interests of the other big actors in regard to the following three minimal components:

1. Maintaining political stability (nobody wants a political upheaval that might bring radical Islamist movements to power).
2. Maintaining the secular character of the political systems.
3. Accelerated economic development of the regional states which is the only possible basis of political stability.

These three directions are supported in Moscow, Beijing, Delhi, Washington and Brussels. In that sense one should not see the economic and cultural activities of each party in Central Asia (the way it's done by conservatives who live according to the Cold War notions) as threatening other parties' interests. If the EU or China invest in the economy of Central Asia and maintain some cultural and scientific research activities there that does not mean that Russia's interests suffer. Such activities can only promote those countries' economic and cultural advancement in the final count.

After Barak Obama's coming into power in Washington the trend for co-operation of the SCO with the West on the Afghan problem increased. While the Republican Administration of G.W. Bush ignored all outside advice and refused to cooperate with the SCO, Obama's administration concluded that



it was in an extreme need of cooperation with all who could be engaged in a solution of the Afghan problem. Both in the SCO and the US there is an understanding that the West's failure there would come as the gravest and possibly most irreparable blow to the whole system of international relations. And the SCO countries directly facing the terrorist and drug traffic threats originating from Afghanistan are extremely interested in a stabilisation of the situation in that country.

An active engagement in the solution of the Afghan problem has become a most important success of the organisation. An important stage both in the development of that organisation and the evolution of the international community's approach to the regional problems was signified by a special conference on Afghanistan held in Moscow on 27 March 2009, under the auspices of the SCO, which was attended by UN Secretary General Ban Ki Moon, Marc Perrin de Brichambaut and NATO Assistant Secretary General Martin Howard, as well as representatives of the SCO observer states, members of the Group of Eight and such international organisations as CSTO, EU, CIS, OIC, and CICA. The participation of NATO as well as representatives of the US and their major allies is a testimony to a changed attitude and a wish to really cooperate with the SCO and its members on Afghanistan.

The member states' military cooperation has been actively developing. The defence institutions of the SCO member states have engaged in the fight against terrorism, separatism and extremism within the SCO framework. Anti-terrorist exercises called 'Interaction 2003' were carried out in August 2003 in adjacent areas of Kazakhstan and China, which involved the participation of more than 1 000 military servicemen of Kazakhstan, China, Kirgizia, Russia and Tajikistan and the use of air force, heavy equipment and artillery. Defence ministers and representatives of the SCO observer states were present as observers in August of 2005 at the first Russian–Chinese exercises called 'Peace Mission 2005'. And in August 2007 all member states' military units participated in the exercises called 'Peace Mission 2007'.

The first stage of those exercises took place on 9 August in the city of Urumqi, the capital of the Xinjiang Uyghur Autonomous Region. And the final stage took place on 17 August at the firing ground 255 near Chebarkul (Chelyabinsk Oblast). The scenario of the exercises included 46 episodes of anti-terrorist activities including the repulsion of terrorist bands' attacks, liberation of hostages, etc. Those involved 6 000 military servicemen, with the largest one being the Russian unit (about 2 000) and the Chinese one (1 700). Altogether six Il-76 airplanes, eight fighter bombers, an airborne company of the air force and 32 helicopters came from China to Chebarkul. A conference of the military department heads of the member states in April 2009 approved the Plan of Cooperation of the ministries of defence of the

SCO member states for 2010–2011 that envisaged holding a range of multi-lateral and bilateral exercises chiefly of an anti-terrorist nature.

The economic cooperation is recognised by the member states as a priority direction in the SCO activities. But there is much less success in that area so far. Apart from the economic cooperation situation, the prospects for the SCO member states' cooperation in education, culture and health-care may be evaluated as being good. The same may be said about culture. Becoming increasingly open and turning the best achievements of the world culture into an integral part of their own, all those countries face the problem of preservation of the national traditions in the context of the deluge of cheap mass culture from outside. Creation of the SCO University becomes the major SCO project in the field of education which has already moved on to the practical plane.

## SCO: PROSPECTS FOR THE FUTURE

In general, despite the growth problems, the SCO is slowly but steadily transforming into a really active and authoritative international organisation which many have to take into account irrespective of liking or disliking it. The basis for its existence is simple. All member states cherish their cooperation with the West and realise that the economic development tasks cannot be solved without such cooperation. But all of them feel more comfortable in a world where alternative power centres exist and organisations operate in which their deep-rooted problems are understood better than in the West.

Similar consideration and the very fact of the existence of an authoritative international organisation of which the working languages include Russian and Chinese but not English draw increasingly more interested partners from the other regions of the world to the SCO. In the contemporary world where an aspiration toward a diversity in everything including the policies is strong, the voice of the countries standing for a multipolar world, pluralism and tolerance in foreign policies cannot but be heard. In his message to Executive Secretary Zhang Deguan, President Vladimir Putin noted: 'I am confident that the SCO is historically called to become a kind of a transcontinental bridge organically linking the European and Asian continents. Such destination is preconditioned by a unique geopolitical location of the Organisation member states, the philosophy of respect to the diversity of cultures, beliefs and traditions, openness and orientation to a broad international cooperation professed by the SCO'.<sup>14</sup>

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## ENDNOTES

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- 2 In this part of the paper the author used some ideas of Dr Ivan Safranchuk.
- 3 Charter of the Shanghai Cooperation Organization. <http://www.sectsco.org/EN/show.asp?id=69>
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# Russia's global geopolitical calculus in the launching of BRICS

*Vladimir Shubin*

## INTRODUCTION

**T**o understand Russia's intentions and actions in the launching of BRICS we have to review Russia's foreign policy during last two decades, since the country ceased being a part of the Soviet Union. This period can be divided into several phases. Immediately after taking power by Boris Yeltsin the South in general and Africa in particular were sacrificed as an important vector of Russian foreign policy in favour of the West in a hope for technology transfer and soft credits.

Ken Livingstone, a prominent British politician warned in 1993: 'Even a capitalist modernised Russia would be a powerful rival to the US and Western Europe. The IMF proposals are backed by the West, because they would produce a weaker, enfeebled Russia for the rest of this century and into the next one'.<sup>1</sup> That is exactly what happened.

Michael Chossudovsky, a Canadian professor coined a peculiar term 'Third Worldisation' of Russia.<sup>2</sup> As to expectations of technology transfer and soft credits, they proved to be utterly unrealistic. Andre-Gunder Frank, who can hardly be suspected of sympathy to the USSR, wrote:

For decades, Western embargoes and other obstacles against the East were covered with ideological cold war fig leaves. Yet today many of these same Western policies and even some Cocom trade restrictions continue for naked competitiveness reasons... The talks of supposed new western economic 'aid' to the East are no more than a smoke screen for the continued real exploitation through the debt services flow of funds from an increasingly impoverished East into the coffers of the banks in the West.<sup>3</sup> Indeed instead of receiving assistance from the West Russia 'donated' hundreds of billions US dollars to those 'coffers'<sup>4</sup>

Western leaders and mass-media enjoyed the disappearance of a supposedly main threat to world stability – ‘communist superpower’ – however it signalled the beginning of the series of very ‘hot’ wars, not only in traditionally explosive areas, but even, and in the most horrible form, in the areas which had been regarded as the part of the ‘Common European Home’.

For many years the Western media as well as many academics did their best to prove that a subversive ‘hand of Moscow’ was responsible for all kinds of trouble in the world, be it in South Africa or North Korea. But has the world become more secure and stable now? Do the people in most parts of it live happier? The answer is unequivocally in the negative. Why so? Is it just because when two ‘superpowers’ confronted each other the overall balance was preserved? Or is it because there was something essentially positive in the policy, in the stance of one of those ‘superpowers’, and this very component was forcing the other one to ‘uplift’ itself, to play better and fairer than it wished to play at that time and than it is playing now?

## **RUSSIA’S FOREIGN POLICY UNDER YELSTIN**

Before exposing the realities of the 1990s, however, one had to determine the manner in which the ‘Cold War’ ended. Moreover, this question can be taken further: ‘When did the “Cold War” really begin? When did the world (if ever) become “bipolar?”’ In both cases the popular concepts have to be disputed. Thus if the very term ‘Cold War’ appeared in the mid 1940s, immediately after World War Two, the birth of this phenomenon in its essence (i.e. a sharp confrontation between two social and political systems) can be traced to the early 1920s, to the period which immediately followed the end of the ‘hot’ civil war and very ‘hot’ (though almost forgotten abroad) foreign military intervention of 14 countries in Russia.

The way the ‘Cold War’ ended is also quite questionable. Trying to explain to the numerous critics why the situation in the Russian economy became worse than during World War Two, when vast territories of the country had been occupied by Nazi Germany and her allies, the former head of the Russian Government, the late Yegor Gaidar, claimed that this time Russia had lost the war – the ‘Cold War’ and had to pay for it.

But has one side really been defeated? If to use this militaristic (however often deceptive) terminology another formula would be much more relevant: two warring sides had agreed in the late 1980s on a cease-fire but then one of them suddenly and surprisingly for the other committed suicide, or rather, its own leaders killed it.

Indeed when in December 1991 Yelstin, Kravchuk and Shushkevich, leaders of Russia, Ukraine and Belarus took a decision to ‘dissolve’ the

Soviet Union, they did it against the will of their peoples; just eight months earlier 71.3 per cent of inhabitants of Russia, 70.2 per cent of Ukrainians and 83.3 per cent of Belarussians voted at the referendum for the preservation of the Union.<sup>5</sup>

One more question has to be answered: Was the world in the days of the 'Cold War' really bipolar and if so, for how long? Or was its 'bipolarity' a kind of oversimplification, an academic exercise, rather distant (as often the case of academic exercises is) from the reality? In the author's opinion one could speak about the true bipolar world only with regard to a relatively short period of history, the end of the 1940s and the 1950s. During the following decade such factors as the Sino-Soviet dispute (which soon grew into an open conflict), the growth of the centripetal tendency in Western Europe and the emergence of the Japanese economic might made that bipolarity rather questionable and this concept from that decade onwards could be used only with a number of reservations.

Indeed since the 1960s the world was definitely multipolar in the economic sense and at least tripolar (with the Soviet Union, China and the West) in the military sense. As to the political sense, the role of the Non-Aligned Movement (though some of its members were rather close to one or another pole) should not be forgotten also. So, the bipolarity at that stage could be seen only in a 'systemic' sense, as an emphasis on the existence of two major social and political systems, though each of them could be characterised by the remaining and even growing internal differences.

The popular concept is that the 'demise' and later 'collapse' of one 'super-power' was accompanied by the rise of the other and the world became unipolar. Such a defeatist approach was expressed, for example, by Jackie Selebi, then Director General of the South African Department of Foreign Affairs (and now a long-term serving prisoner): 'Our basic premise is that we belong to a world that has one Rome – Washington. Like it or not, it is a unipolar world.'<sup>6</sup>

The reality, however, proved to be more complex. Samir Amin, a prominent Egyptian academic, head of the Third World Forum in Dakar, foresaw these developments when in his critical (perhaps, even too critical) analysis of the US military involvement in the Third World he wrote: 'The United States is not "invincible" and the resistance of the Third World people is the Achilles's heel of its hegemonic project'.<sup>7</sup>

## THE TURN TO REALISM

The turn to realism in Russian foreign policy is often attributed to the replacement of Boris Yeltsin by Vladimir Putin. However, it began even before

Yeltsin's demise. It was symbolised by the dismissal in 1996 of Yeltsin's first foreign minister, the notorious Andrey Kozyrev, and the appointment of Yevgeny Primakov, an outstanding expert on the Third World in general and on the Arab countries in particular. By that time it became clear that a one-sided reliance on the West had not borne fruit. On the other hand, the regime in the Kremlin had been relatively stabilised and no longer needed the same degree of support from the West as it had sought during Yeltsin's confrontation with the Russian Supreme Soviet (i.e. the parliament) in 1992/1993 and especially during his 'presidential coup' in September/October 1993. Yeltsin felt safe when he was announced the winner of the presidential election in 1996, even if his opponents at that time and his former supporters more recently rejected such a result. (It is enough to say that in February 2012 Dmitry Medvedev at his meeting with the 'non-registered' parties admitted that 'It was not Boris Nikolaevich Yeltsin who won the election in 1996',<sup>8</sup> which means that the real winner was Gennady Zuganiov, Chairman of the Russian Communist Party).

Moreover, at the end of 'Yeltsin's rule', especially after NATO's aggression in Yugoslavia and the expansion of this bloc towards Russia's borders, even Yeltsin himself, visibly offended by Washington's disregard of Russia's opinion and interests, openly spoke against American global domination and diktat. Russia's position was further strengthened in the next decade when the country accumulated huge currency and gold reserves, paid most of its state debts and no longer needed to tolerate 'monitoring' by the teams from 'international financial institutions' and was therefore in a position to conduct independent policy on major international issues and towards various parts of the world.

Even before the presidential elections, Vladimir Putin, as acting president, approved in January 2000 amendments to the Concept of the National Security of the Russian Federation, which signified a departure from a previous period. It was strengthened in the Concept of the Foreign Policy of the Russian Federation signed by Putin on 28 June 2000. In particular, it stated:

The international situation that has taken shape by the beginning of the 21<sup>st</sup> century has required re-evaluation of the overall situation around the Russian Federation, of the priorities of Russian foreign policy and the possibilities of ensuring it with resources. Along with certain strengthening of the international positions of the Russian Federation, negative tendencies are in evidence as well. Certain plans related to establishing new, equitable and mutually advantageous partnership relations of Russia with the rest of the world, as was assumed in the Basic principles of the foreign policy concept of the Russian Federation, endorsed by Directive No. 284-rp of the President of the Russian Federation on April 23, 1993, and in other documents have not been justified.<sup>9</sup>



However, these changes were not universally supported in Russia. Professor Alexey Vassiliev, Director of the Institute for African Studies in Moscow, noted:

Russia is a split society. There exist various social groups, or, if you wish, class interests, which are reflected in its foreign policy. Quite real interests of certain social groups, which became a part of the Russian economic and political elites, caused a chimerical orientation to integration with the West. These are exporters of raw materials, big financial speculators, who export a considerable part of their capitals to the West.<sup>10</sup>

On a political level their interests were expressed by openly pro-Western parties, such as the Union of Right-wing Forces (Soyuz pravyyh sil) whose then leader Irina Hakamada stated that Russia's 'global mission' is to 'close a Northern ring: USA-Europe-Japan'.<sup>11</sup> However, this new multi-azimuth (to borrow a term from Charles De Gaulle) foreign policy was supported by the overwhelming majority of Russians.

This new turn was visible in Africa as well. If one ignores the reception by Yeltsin of outgoing South African President F.W. de Klerk in the Kremlin in June 1992, it was not until 1997 that an African president, Hosni Mubarak of Egypt, visited Moscow after the 'collapse' of the USSR. Eduardo dos Santos of Angola, Sam Nujoma of Namibia, Thabo Mbeki (still Deputy President) and Nelson Mandela of South Africa subsequently followed him. The intensity of summit meetings in Moscow grew after the changes in the Kremlin. Thus, in Moscow in 2001, Vladimir Putin met Abdelaziz Bouteflika of Algeria, Omar Bongo of Gabon, Lansana Conte of Guinea, Hosni Mubarak, Olusegun Obasanjo of Nigeria, and Meles Zenawi of Ethiopia.

That stage was characterised also by Russia's involvement in the creation of 'non-Western' international structures, such as the Shanghai Cooperation Organisation.<sup>12</sup> Special attention is deserved by the idea expressed by Evgeny Primakov when he was Russian Prime Minister. During his visit to New Delhi in 1998 he envisioned the creation of a strategic triangle – Moscow-Beijing-New Delhi – even if initially this idea was received by many with scepticism.

In the words of Primakov:

Indeed, I was the first to forward this idea. I was guided by the need to create such strategic figures, a triangle in this case, which is absolutely not a coalition, not a military political alliance. It is just necessary to strengthen ties between the sides of this triangle. And it seems to me that when we are moving to a multi-polar world, such figures have a stabilising effect. Especially if we speak about relations between Russia, China and India. All three countries

supported this idea. And one of its positive consequences has already been an improvement of the relations between Beijing and Delhi.<sup>13</sup>

A fertile ground for a new alignment of world forces is being created.

## POST- SEPTEMBER 11

The third phase began after the tragic events of 11 September 2001, when President George Bush junior proclaimed a 'war against terrorism', setting no limits for it in space and time. Vladimir Putin immediately expressed his sympathy to the victims of terrorism and, moreover, facilitated contact by the USA with the Afghani anti-Taliban 'Northern Alliance' on the ground and the creation of the US/NATO bases in Central Asia. It was hardly incidental that a month later the Russian leadership closed its signal intelligence facility in Lourdes in Cuba. (The change of policy is seen from the fact that it was visited just ten months earlier by Putin, who at a meeting with centre specialists noted that their work was very much needed, 'not only by the military, but also by the political leadership of the country.')

<sup>14</sup> The same happened soon with the Russian air and naval base in Cam Ranh in Vietnam.

However, these actions were not reciprocated and bilateral relations worsened. Thus, it became clear that the US was intent on keeping their bases in Central Asia at any cost. If in January 2002 general Tommy R. Franks, commander-in-chief of the US Central Command, insisted that Washington had not made 'any long-term arrangements' for a presence in Central Area,<sup>15</sup> the same general in August spoke about 'long-term commitments in many countries', singling out South Korea, where American forces had been stationed for over half a century.<sup>16</sup>

Officially the Russian government still supports NATO actions in Afghanistan, but its representatives publicly criticise the growth of opium poppy production after the NATO military intervention there. According to Victor Ivanov, the head of the Federal Service for the Control of Narcotics, 'Today Afghanistan produces more heroin than the whole world used to produce 10 years ago'.<sup>17</sup> A year earlier he pointed out that: '...the international security forces [read: NATO] said that they will eliminate only those drug production sites and facilities which are related to the Taliban, but their share in the entire opium output is only 0.2 per cent.' In other words, 'all the 150 000 military personnel will be employed in eliminating a mere 0.2 per cent of the total illicit drug production'.<sup>18</sup> Finally, last March Ivanov stated that 'The production of hard drugs such as heroin, opium and hashish in Afghanistan remains at a high level. Opium production in

Afghanistan went up 61 per cent in 2011, while areas used for poppy production have increased by some seven per cent'.<sup>19</sup> In fact, due to drug traffic from NATO-occupied Afghanistan every year, Russia loses at least twice as many people as in the USSR during ten years of the war there!

Meanwhile in Europe the enlargement of NATO continued, and in 2004 four former Soviet republics were admitted: Estonia, Latvia and Lithuania.

## **'RESETTING'**

A new phase came after a well-advertised 'resetting' of US–Russia relations by Barak Obama's administration. However this 'resetting' began like a bad joke: apparently the State Department could not find a single person with a proper knowledge of Russian. Hilary Clinton suggested that Russian Foreign Minister Sergey Lavrov push a symbolic button with two words: 'Resetting' in English and 'Перегрузка' ('Peregruzka') in Russian. But this Russian word means not 'resetting', but 'overburden' or 'overpressure'.

Indeed, some practical actions of Moscow 'partners', such as the establishment of the anti-missile system in Europe, were quite distant from the good will proclaimed and resembled 'overpressure'. The failure of 'resetting' is symbolised by the refusal of new/old president Putin to attend the G8 summit in Camp David in May 2012 and President Obama's 'reciprocated' decision (announced four months in advance!) to miss the Asia-Pacific Economic Cooperation summit in Vladivostok in September.

## **BASIC FOREIGN POLICY DOCUMENTS**

The second part of this chapter is to analyse the official documents on Russian foreign policy and security strategy, as well as the mechanism of their implementation. As was mentioned above, the Foreign Policy Concept (FPC) was approved by Putin in 2000 and eight years later, on 12 July 2008, Medvedev signed a new document under the same title that was to 'supplement and develop the provisions' of the previous one.<sup>20</sup>

A number of provisions of the FPC were connected with Russia's efforts to strengthen BRIC. Thus, one of its foreign policy aims is 'to search for agreement and coinciding interests with other States and international associations in the process of finding solutions to the tasks according to Russia's national priorities, to establish, on that basis, a system of bilateral and multi-lateral partnerships aimed to ensure stability of the international position of the country in the face of international foreign policy volatility'.<sup>21</sup>

The FPC states that an effort to improve 'the manageability of the world development and establishing a self-regulating international system... requires collective leadership by the leading States, which *should be representative in geographical and civilisational terms...* [italics mine]. For these ends, Russia will make itself more fully engaged in such formats as the Group of Eight and its dialogue with its traditional partners, the Troika (Russia, India and China) and the BRIC Four (Brazil, Russia, India and China), as well as by more actively using other informal structures and venues for dialogue.'<sup>22</sup>

It specifically underlines 'the prospect of loss by the historic West of its monopoly in global processes',<sup>23</sup> though one can speak not just about 'the prospect' but about the actual loss of it, and the development of BRIC/BRICS confirms this.

The adoption of the new Foreign Policy Concept was followed by the approval in May 2009 of Russia's National Security Strategy to the year 2020 that updates and elaborates on the National Security Concept, approved in 2000. With regard to BRIC, it practically repeats a relevant paragraph of the Concept: 'Russia will increase interaction in such multilaterals as "Group of 8", "Group of 20", RIC, Rick (Russia, India and China), BRIC (Brazil, Russia, India and China), and also use possibilities of other non-formal international institutes.'<sup>24</sup>

The mechanism of implementation of the Russian foreign policy was established after Yeltsin's 'victory' over parliament in 1993, achieved through bloodshed in the centre of the Russian capital. A new constitution was adopted after a controversial referendum (Gennady Burbulis, then Yeltsin's close confidant, said later: 'We dragged the constitution through the arsehole')<sup>25</sup> and Russia became a presidential republic, with very strong powers concentrated in the hands of the head of state. In particular, the President of the Russian Federation directs its national foreign policy and, in his capacity as Head of State, acts on behalf of the Russian Federation on the international stage.<sup>26</sup>

The Government of the Russian Federation acts to implement the country's foreign policy.<sup>27</sup> However, the Minister of Foreign Affairs is directly subordinate to the president, though he attends the cabinet meetings. The same applies to the Minister of Defence and the Director of the External Intelligence Service; both of them, just as the Foreign Minister, are members of the Security Council chaired by the president).

This council 'assesses the challenges and threats to the national interests and security of Russia in the international sphere, [and] submits proposals to the President of the Russian Federation for his decision as the Head of State on issues of foreign policy of the Russian Federation in the field of national security'.<sup>28</sup>

At the same time, the power of the Russian Parliament (the Federal Assembly of the Russian Federation which consists of the Federation Council and the State Duma) is rather limited. It has to 'provide legislative support for the country's foreign policy'<sup>29</sup> and both chambers have committees on foreign affairs, but in practice, apart from maintaining inter-parliamentary ties, it ratifies international treaties and is consulted on the appointment of ambassadors.

The Foreign Policy Concept declares that the federal executive bodies cooperate, in particular, on a permanent basis, with non-governmental organisations and the academic community. However, as far as such organisations are concerned, although the process of 'democratisation' should have enhanced civil society, the reality looks rather different. The following is just one example: During the struggle for national independence many African organisations enjoyed political and practical support from the Soviet Afro-Asian Solidarity Committee, which had been funded by the Soviet Peace Fund and embraced many Soviet intellectuals, mostly from Asian republics, though it worked under the tight control of the CPSU International Department.

This committee survived the political storms surrounding the breakdown of the Soviet Union and was reorganised as the Society of Afro-Asian Peoples' Solidarity and Co-operation. In 2003 the Society elected a new president, Mikhail Margelov, Chair of the International Affairs Committee of the Council of Federation and an Arabic scholar by education, but it is hardly visible on the Russian political scene. Of societies of friendship and cultural ties with foreign countries a good half ceased to exist, mostly those which were dealing with the developing countries.

## **LAUNCHING OF BRIC AND ITS TRANSFORMATION INTO BRICS; THE ROLE OF RUSSIA**

The last part of this chapter is devoted to the practical actions of Russia on the launching and development of BRIC and its transformation into BRICS. The role of the current Russian leadership in the formation and activities of BRIC is indisputable. We are all aware that the term 'BRIC' was originally coined by Jim O'Neill, the chairman of Goldman Sachs Asset Management in the report in 2001. However, practical interaction between these four parties began in September 2006 when, on the initiative of President Putin, the first ministerial meeting took place in New York on the fringes of the UN General Assembly, followed by another such meeting in 2007. One of its decisions was to convene meetings of foreign ministers in the four capitals on a rotating basis, and the first gathering of this type was convened on 16

May 2008 in the Russian city of Yekaterinburg, in the Urals. Subsequently a short meeting of the four leaders took place on 9 July 2008 during the G8 summit in Japan and the preparation for a full-scale BRIC summit began.<sup>30</sup>

Just like the first ministerial meeting outside the UN, the first summit was also convened in Yekaterinburg. Dmitry Medvedev, Luiz Inacio 'Lula' da Silva, Prime Minister of India Manmohan Singh and President of China Hu Jintao took part in it. The work of the summit went far beyond economic issues. In Medvedev's words it aimed 'to create the conditions for the building of a fairer world order and the creation of a favourable environment for resolution of global problems.'<sup>31</sup>

BRIC was of course not the first (and quite probably not the last) forum to unite countries from different continents on an informal basis. Their range is rather broad: from G7, formed by the countries with 'advanced economies' to Group 77 that unites, on the contrary, 'developing' countries. However, it would not be an exaggeration to say that BRIC stood out from the very beginning. Its influence on the international arena was based on the growing economic might of member states and their important (and in some cases indispensable) role in the world's natural and demographic resources, as well as the fact that two of them, Russia and China, are permanent members of the UN Security Council.

Let us now consider Russia's attitude to the enlargement of BRIC. The creation of BRIC was quite consonant with South Africa's efforts to create a core of 'Non-Western' powers. These efforts initially resulted in 2003 in the establishment of the IBSA (India, Brazil and South Africa) forum, which was regarded in Pretoria/Tshwane as just the beginning of the desired process.

Yet when six years later the first summit of another group, BRIC, was convened in 2009, South Africa remained outside it and disappointment in South Africa was quite visible, both in the mass-media and in government and academic circles. Thus, the Director General of the Department of Trade and Industry, Tshediso Matona, said that South Africa 'simply was not invited' adding: 'the department of international relations and co-operation must look into this. We must be in that club. We belong there'.<sup>32</sup>

Francis Kornegay, a prominent US academic now living in South Africa, wrote: 'South Africa's marginalisation by BRIC means Africa's marginalisation in the overall scheme of things having to do with the terms of South-South cooperation and the future of such initiatives along these lines as the India-Brazil-South Africa (IBSA) Trilateral Forum. Indeed, from an African perspective, South Africa's exclusion from BRIC could complicate the nature and dynamics of the whole notion of South-South cooperation to such an extent as to conceptually call it into question as an expression of global South cohesiveness'. Moreover, without any argument, he called Russia 'the main culprit in this plot'<sup>33</sup>.

In fact if to speak about 'culprits', they should be looked for in South Africa itself. The matter is that during the years preceding the first summit South Africa did not show interest in the gradual formation of BRIC. The issue of joining it was raised only after the inauguration of the new President, Jacob Zuma, in May 2009, three or four weeks before the meeting in Yekaterinburg, but it looks like the four members of the group felt it was too early to speak about its enlargement at that stage.<sup>34</sup>

However, the South African leadership was determined to join the group. In the course of 2010 President Zuma visited all four BRIC countries and met their leaders. The mass media called these trips a 'charm offensive'.<sup>35</sup> When he was in Russia after discussions with Dmitry Medvedev the Russian president virtually voiced support for South Africa's bid to join the BRIC group: 'We are aware that participation of the Republic of South Africa in the discussion of various issues that are on the BRIC agenda would be extremely productive, given the fact that BRIC is a new group of fast growing economies and the RSA belongs to this category... We are prepared to develop various forms of cooperation with our South African partners, including in the BRIC format,' he said, adding however a caveat: 'The views and approaches of other [BRIC] members should of course be taken into consideration.'<sup>36</sup> Zuma's visits to the other three countries were also successful.

Thus by the time of the G20 meeting in Seoul in November 2010 the situation definitely turned in favour of South Africa. Contrarily to Kornegay's allusion, it was President Medvedev who at the press conference in Seoul stated: 'There are a number of requests from countries to join the BRIC group, including the request from the Republic of South Africa. We respond positively to these types of requests, and in this case today, there is a united position by all the BRIC countries.'<sup>37</sup>

Finally, on 23 December 2010, Nkoana-Mashabane received a telephone call from the Chinese Minister of Foreign Affairs, Yang Jiechi, informing her that China, in its capacity as the rotating Chairperson of the BRIC formation, based on agreement reached between the BRIC Member States, invites South Africa as a full member into BRICS. He further indicated that President Hu Jintao also issued a letter of invitation to President Jacob Zuma to attend the 3rd BRICS Leaders' Summit to be held in China in 2011.<sup>38</sup>

Why did South Africa strive to join this group of leading 'developing' countries? According to Mandisi Mpahlwa, South African Ambassador to Moscow (and former minister and Zuma's economic advisor), from the outset South Africa 'saw more in this mechanism than had most commentators'.<sup>39</sup>

It was hardly accidental that South Africa, the smallest of five countries in many respects, insisted that for it BRIC 'was never about the size of the economies, populations or landmasses of the BRIC member countries'.<sup>40</sup>



South Africa emphasises that it regards BRIC not just as a potential force which 'would first emerge to share centre stage with the leading economic powers', but in a much broader sense. For Pretoria, or, rather, Tshwane, BRIC is 'an association of like-minded countries with a reputation for being independent and committed to reforming global decision-making structures'. Apart from uniting economically 'rapidly developing countries' BRIC is regarded as potentially 'a political and moral force for change', for creation 'of a just world', and South Africa shares their 'values and aspirations'.<sup>41</sup>

At the same time one of the features of BRIC, apparently attractive for South Africa, was the fact that its members continued to maintain friendly relations with the 'traditional centres of power'. Indeed, all of them, Brazil, Russia, India and China have versatile relations both with the USA and EU countries. Therefore by joining BRIC South Africa would not cause any damage to other important directions of its foreign policy.

An important issue was a correlation between South Africa's membership in IBSA and its intention to join BRIC. Ambassador Mpahlwa's explanation was that IBSA was 'a coming together of what is historically referred to as the 'South', but BRICS – with the presence of Russia as a First World Country – is a bridge between North and South',<sup>42</sup> even if the definition of Russia as a First World country is questionable.

In any case, there is another dimension as well. IBSA was established much earlier and has more developed structures. So, for South Africa (just as for India and Brazil) it would be wrong to close IBSA, at least until BRICS is well established.

One more reason for joining was the prestige which membership of BRICS gives to the country. President Jacob Zuma expressed it somewhat grandly: 'We are now equal co-architects of a new equitable international system... there is unity of purpose in our diversity and this is what renders this mechanism unique and increasingly influential... we share a collective accountability now to the global community and notably the emerging market and developing economies component thereof'.<sup>43</sup>

The news of South Africa's admission immediately had a positive effect on its economy. The rand touched three-year highs against the US dollar when the news broke. However, not everybody in South Africa supported the move to join BRIC and to be in one company with Russia in particular. On 7 January 2011 two South African academics, Dr Mills Soko and Dr Mzukisi Qobo<sup>44</sup> published an article in the liberal *Mail and Guardian* under a telling title 'Creating more walls than Brics', in which they questioned 'the inclusion of the failing Russian state',<sup>45</sup> as if Russia was not a founder of BRIC!

On the other hand, why did Russia and the other three initial BRIC members agree to accept South Africa? What advantages facilitated South Africa's efforts to join?



The news of the invitation to South Africa surprised some international observers, who had dubbed a much bigger and fast-growing Indonesia as the next BRIC member.<sup>46</sup> Turkey and Mexico were mentioned as well, but resource-rich Africa has become a focus. It is interesting to note that Jim O'Neill, the 'father' of the term, replied 'No', when he was asked whether South Africa should be included.<sup>47</sup> In his opinion, 'South Africa, at a population of less than 50 million people, was just too small to join the Bric ranks' and he regarded Nigeria as a better candidate.<sup>48</sup> 'The country in Africa that has the real potential is Nigeria,' he said. 'South Africa doesn't have enough people in its working population. It's a chronic problem.'<sup>49</sup>

O'Neill wrote about South Africa's admission:

While this is clearly good news for South Africa, it is not entirely obvious to me why the BRIC countries should have agreed. South Africa rightly sees itself as a leading emerging nation, and that explains their motive...

As far as the economics are concerned, South Africa is one of the more wealthy nations in Africa, and is currently the largest in US\$ terms at around \$350bn. However, this is quite small, not only by BRIC standards but compared to some others.

For example, Russia is around \$1 600bn, nearly five times larger than South Africa, and India is currently similar in size to Russia. Brazil is currently closer to \$2bn in size, while China is considerably larger at around \$5 500bn.<sup>50</sup>

He compared South Africa with some non-African economies as well: Indonesia (approximately \$700bn), Mexico (\$1 050bn), Turkey (\$725bn) and South Korea (\$1000bn).<sup>51</sup>

However, GDP data never tells the whole story, and Russia and its partners looked broader and deeper. There were several reasons for their choice of South Africa. One of them was the need to close a gap in the geographical composition of BRIC. Undeniably, the desirable changes in the world cannot be achieved without Africa's participation. In its capacity to change, the matter is not only in the natural resources of the continent but in the human capital of over one billion people.

Meanwhile South Africa is certainly the leading country on the continent, even if not everybody likes it. Apart from economic issues, the role of South Africa is indispensable in promoting peace and security in Africa, be

it by dispatching peace-keeping forces or by playing a role of mediator and facilitator in conflict resolution.

South Africa has one more distinctive asset: with its excellent infrastructure it is the gateway to an entire continent for trade and investment – and for making geopolitical forays. And last but not the least, South Africa – the country that got rid of the apartheid regime and continues developing as a democratic society – occupies a high moral ground.

The admission of South Africa was welcomed in Russia. Speaking after the summit in Sanya, the Russian president said: 'Now BRICS represents the largest states on three continents. Our economic potential, our political opportunities and development prospects as an association of countries and as a forum is exceptional and opens new horizons for expanding cooperation in various fields.'<sup>52</sup>

Some Russian scholars who supported this move go rather far (perhaps, even too far) in their expectations: 'Now, when the humanity is crossing a post-industrial barrier, Brazil, Russia, India, China and South Africa can easily merge their great majority of reserves of the planet's natural resources with the overwhelming majority of population. And by doing so to impose on the world a procedure of farewell to the old orders of the industrial society... They can make an alternative market of the countries of non-Western civilization, isolated by other rules, fair in profits and losses'.<sup>53</sup>

One of the after-effects of South Africa's admission to BRIC is the rising interest in that country in Russia. According to Ambassador Mpahlwa, it is true not only for government and business institutions but for civil society as well.<sup>54</sup> Besides, Russia's membership in BRICS after the admission of South Africa should facilitate and broaden its economic ties with African countries. However, much will depend on practical 'sectorial' initiatives.

Another aspect is cooperation in the political sphere. Russian–African interaction, including interaction with South Africa within the BRICS framework, can play an important role in the opposition to the tendency of a limited group of countries to impose their will on the rest of the world. It became even more evident after the tragic story of NATO's armed intervention in Libya.

The historical parallels are always vulnerable, but for the author, who came to Africa over 50 years ago, the evolving situation resembles the early 1960s, when Britain and France changed their methods of control, allowing their colonies to become independent states, while the economically much weaker Portugal just could not afford it and resorted to brutal repression. Indeed nowadays it looks as if certain powers, undergoing serious economic difficulties, are no longer in a position to use 'neo-colonial' methods and are increasingly resorting to military force. If this is the case, the unity of

those who are determined to defend their true independence, BRICS countries in particular, becomes especially important.

The rising Russia's attention to BRICS was highlighted in the period preceding its summit in Durban. It coincided with Russia's chairing of the G20, and BRICS is regarded in particular as 'an important "locomotive" of G20's development'.<sup>55</sup> The preparation of the 2015 summit to be hosted by Russia has begun well in advance; its venue, Ufa, the capital of the Republic of Bashkortostan in the Urals, has been determined and the Organising Committee has been formed, headed by Ambassador Yury Ushakov, President Putin's assistant for international affairs.<sup>56</sup>

Recent official statements and academic works<sup>57</sup> show that Moscow strives for the joint working out of a strategy for the development of the BRICS, defining the aims, principles and mechanisms of cooperation. It sees as a long-term objective the conversion of BRICS from a dialogue forum into a full-scale mechanism of strategic and ongoing interaction on key issues of world politics and economy.

In the near future, within the next three or four years, Russia prefers the efforts of the BRICS states to be concentrated on the full development of the group in its current composition; that is, not to enlarge it. It suggests creating the system of informal mechanisms on a political and working level to enhance coordination in all areas, and at the same time initiating a dialogue about ways, speed and specific forms of institutionalisation of the BRICS, including the possible consideration of a permanent secretariat.

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- 34 At least such an explanation was given to the author by a high official of the Russian Foreign Ministry.
- 35 <http://www.fin24.com/Economy/Zuma-to-step-up-BRIC-charm-offensive-20100802>
- 36 <http://kremlin.ru/transcripts/8578>
- 37 <http://en.rian.ru/world/20101112/161302542.html>
- 38 <http://www.dfa.gov.za/docs/2010/brics1224.html>

- 39 Statement by Ambassador Mandisi Mpahlwa of South Africa, Peoples' Friendship University, Moscow, 18 May 2011. 'South Africa's accession to BRICS: Its relevance for today's global agenda', p.1.
- 40 Ibid.
- 41 Ibid.
- 42 Ibid., p.2.
- 43 President Zuma's address at BRICS Summit on 14 April 2011. <http://www.thetradebeat.com/tn-14apr11-zuma-brics.php>.
- 44 By the way, they both received Ph D degrees at the University of Warwick, United Kingdom.
- 45 *Mail and Guardian*, Johannesburg, 7 January 2011.
- 46 I recall how during my trip to South Africa in November 2009 a prominent South African economist told me that the group could become BRIIC, the second I standing for Indonesia.
- 47 <http://blogs.reuters.com/africanews/2010/11/17/should-south-africa-be-a-bric/>
- 48 <http://www.iol.co.za/business/markets/south-africa/sa-and-nigeria-battle-for-bric-status-1.1001039>
- 49 <http://blogs.reuters.com/africanews/2010/11/17/should-south-africa-be-a-bric/>
- 50 <http://www.investmentweek.co.uk/investment-week/opinion/1935362/jim-oneill-south-africa-bric>
- 51 Ibid.
- 52 <http://eng.kremlin.ru/news/2071>.By the way, Russia is situated on two continents.
- 53 Andrey Devyatov and Zache Rossii, BRICS? [What for is BRICS for Russia?] Institute of Russian-Chinese strategic interaction, no.158, 7 March 2011.
- 54 Presentation of Ambassador Mpahlwa at the opening of the South African film festival, Moscow, 17 May 2012.
- 55 V. Lukov, 'BRIC is an important "locomotive of G20's development"' (in Russian). <http://www.mid.ru/bdomp/brics.nsf/WEBforumBric/B84C7A2A9FB4D01944257B020026CB7> Dr Vadim Lukov, former ambassador to South Africa, is Russian su-Sherpa in BRICS.
- 56 Following the decision taken at the 3<sup>rd</sup> summit, the National Committee for BRICS Studies has been formed in Russia; the author is a member of its Academic Council.
- 57 <http://www.udprf.ru/press-center/soobsch-smi/2012-12-04>.

# Russia in BRICS: Substantial or instrumental partnership?

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## INTRODUCTION

**T**he history of world politics provides various examples of how international institutions emerged and developed. BRIC/BRICS, however, has no analogues. The witty acronym coined by a Goldman Sachs employee, Jim O'Neill, for commercial interests – namely, to draw clients' attention to emerging markets – took on a life of its own. As Russian political analyst Vyacheslav Nikonov put it, BRIC has become a 'self-fulfilling prophecy'. 'The BRICs emerged as a virtual reality – as a list of fast-developing economies, little related to each other. However, as the saying goes, all which is named exists. As time went by, the BRICs began to transform into a political reality'.<sup>2</sup>

Vladimir Putin's keynote article on foreign policy, published on the eve of the March 2012 presidential election, made special mention of BRICS:

We will continue to prioritise our cooperation with our BRICS partners. That unique structure, created in 2006, is a striking symbol of the transition from a unipolar world to a more just world order. BRICS brings together five countries with a population of almost three billion people, the largest emerging economies, colossal labor and natural resources and huge domestic markets. With the addition of South Africa, BRICS acquired a truly global format, and it now accounts for more than 25 per cent of world GDP. We are still getting used to working together in this format. In particular, we have to coordinate better on foreign policy matters and work together more closely at the UN. But when BRICS is really up and running, its impact on the world economy and politics will be considerable.<sup>3</sup>

Since the acronym was coined (it was first mentioned in 2001 and became a part of the international lexicon in 2003 after the publication of the

Goldman Sachs report 'Dreaming with BRICs: The Path to 2050'), much has been said to the effect that this format is an artificial fiction, which by definition has no future. After the global financial crisis, which demonstrated gaps in economic development among the BRIC countries, this view has gained more supporters. In addition, the argument in support of BRIC that this association complements or even is an alternative to G8 has ceased to exist with the emergence of G20.

Most of the criticism was directed at Russia. 'What on Earth is Russia doing on the list of top emerging economies?' economist Anders Åslund asked in an article with an expressive title, 'Take the R out of BRIC'. The author says: 'The country's economic performance has plummeted to such a dismal level that one must ask whether it is entitled to have any say at all on the global economy, compared with the other, more functional members of its cohort'.<sup>4</sup>

Joseph S. Nye acknowledged that BRIC makes sense only 'as an indicator of economic opportunity... though it would make more sense if Indonesia replaced Russia'.<sup>5</sup> Apart from Indonesia, various countries were named as candidates for leadership in the future world, ranging from South Africa and South Korea to Mexico, Turkey and Iran. However, none of these acronyms, except BRIC, has become ingrained in political vocabulary.

Nouriel Roubini believed that BRIC is an 'economically senseless association and that it still exists only because of Russia's anti-American ambitions'.<sup>6</sup> Vyacheslav Nikonov points out that 'the rise of the BRICs worries Western capitals, no matter what they may say otherwise'.<sup>7</sup> Indeed, the number of publications in the West seeking to prove that the very idea of BRICS is untenable increased markedly when interaction among the BRICS countries began to take shape. In 2006, the BRIC foreign ministers held their first meeting on the margins of a UN General Assembly meeting, and since then the BRIC/BRICS began to meet regularly at different levels, including two summits in Yekaterinburg (2009), Brasilia (2010), Sanya (2011) and New Delhi (2012).

There is truth in many sceptical statements. The initial principle of 'growing markets,' according to which Goldman Sachs invented the term BRIC a decade ago, is no longer applicable. Russia is obviously lagging behind other members of the group. However, while finding numerous divergences between the five countries' views, interests and plans, the critics overlook the main thing – the BRICS countries themselves are obviously interested in developing this format, because they see a potential in it that no other association or forum has.



## OBJECTIVE REASONS WHY BRICS EVOKES GROWING INTEREST

First of all, there is no sense now in viewing BRICS in the economic context. 'If we view BRICS from an economic angle, as this was done in Goldman Sachs' original concept, then Russia would be the first candidate for dropping out of BRICS. However, geopolitical benefits of institutionalising BRICS may bring considerable political dividends for Russia... The Russian leadership apparently hopes to convert its presence in BRICS into more weight for itself both in the G8 and the G20. Taking a position of 'mediator' between the G8 and BRICS may let Russia remain in both informal clubs and, possibly, use this position in the dialogue with developed countries with a view to transforming international financial institutions to its greatest benefit'.<sup>8</sup>

BRICS is held together and pushed forward not so much by the requirements of its member countries as by the general situation in the world. Changes are rapid and unpredictable, and the recipes for resolving international issues offered by the usual leaders (the West) either don't work or produce the opposite effect. There is a demand for alternative solutions, although for the time being not a single state playing a major regional role (and the BRICS countries fall into this category) has the opportunity (or desire) to offer a comprehensive global vision.

All of them, taken together, prefer to keep a low profile because their importance is recognised anyway and they are not willing to shoulder the burden of responsibility. (In a way, Russia is an exception because of the global inertia that is winding down.) However, the world is becoming increasingly multi-compositional, and non-Western great powers are unwilling to miss a chance to display their common views despite all doubts and differences.

First, there is a widespread feeling that the global institutional architecture does not meet the real processes taking place in the 21<sup>st</sup> century and that the reform of institutions does not go beyond words. One can find many differences in the positions of these five very different countries, but all of them – for their own and usually different reasons – are not satisfied with the current state of affairs in the world and with their position in it. A multi-polar world order requires different formats than those that served the bipolar world in the Cold War years or during the short period of US dominance at the end of the 20th century. It is not accidental that declarations express doubts about the legitimacy of the existing system.<sup>9</sup>

Second, there is an obvious need for truly new approaches to solving global problems. All the five countries believe that the global discourse has been actually monopolised by the West. This factor not only does not meet the economic or even political alignment of forces, but it also impedes the search for fresh solutions, which can be found only in broad discussions. This is not about confrontation with the West and not even always about

competition with it, but about creating an alternative discourse that could enrich the Western one or bypass it without directly conflicting with it.

Third, all the five countries feel the limitations of their efforts to increase their own weight and influence in international affairs, while acting solely within the framework of existing institutions. One can say that Brazil, Russia, India, China and South Africa are looking for ways to consolidate their negotiating positions in building the future world order. Politicians, diplomats and experts all emphasise the non-confrontational nature of the association. Moreover, experts underscore the danger of hoping that Russia can rely on BRIC in its confrontation with the West. For example, Russian political analyst Nikolai Zagladin recalls that China, India and Brazil attach great importance to their economic ties with Western countries, particularly the US. Thus there are no grounds for Moscow to count on the BRICs' support in the near future if serious friction develops between Russia and the West.<sup>10</sup>

## MULTIPOLARITY AS A WORLD ORDER

In a word, Moscow has supported the concept of a 'multi-polar world' since the mid 1990s. However, whereas it had largely been an abstract notion before, it has now begun to obtain practical economic and political contours – but only because ambitious countries had emerged, each seeking to become a leader. The global environment, ungovernable and chaotic as one whole entity, began to be structured around centres of economic growth and development, each being a 'pole' of economic and, therefore, political attraction. Interaction between these poles, linked by a common tissue of the world economy, is becoming a form of the world system's existence.

Multi-polarity is now transformed into a way of structuring the global international system, where the basic constituent parts are no longer individual states as it used to be since the 17<sup>th</sup> century, but instead conglomerations of mainly economic interests, united around the most powerful centres of attraction and economic growth.

The BRICS format differs from all other acronyms coined according to the same principle (BASIC, BRICET, BRICKETS, BRIMC, etc.) in that all the countries that form BRICS are not just potentially fast-developing countries but the main 'poles' of a multipolar world order. And this is why reducing criteria for the existence of this association of states to economic indicators would mean being guided by an erroneous method for analysing it.

Doubts as to whether Russia, which has never modernised its economy, could be described as a 'pole' along with the other BRICS nations would be justified if it was a matter of financial and economic prospects, what

the American bankers wrote about. However, BRICS is acquiring a political content, and the reason for that is not only and not so much the desire of the participating countries, as the emergence of an objective need for formats that would reflect a more diversified and less Western-centric world order. 'The global financial-economic architecture was largely created by the West to suit its own needs. And now that we are watching the generally recognised shift of financial-economic power and influence towards new fast-growing economies, such as China, India, Russia and Brazil, the inadequacy of this system to the new realities becomes obvious. In reality, a financial-economic basis is needed that would conform to the polycentricity of the contemporary world. Otherwise, the governability of global development cannot be restored.'

At the same time, BRICS is one of the brightest manifestations of the so-called network diplomacy. From Russia's perspective, this is a form of international relations of the future. 'With globalisation increasing, there is less demand for sole leadership, and old alliance commitments are being devalued. The present time requires not cumbersome alliances with fixed commitments but flexible interest-based alliances with variable geometry. "Network diplomacy" is now essential as never before, as it provides flexible forms of participation in multi-lateral structures,' Sergei Lavrov said in an interview in 2006.<sup>11</sup>

This is also the subject of an article written by the former head of the Foreign Policy Planning Department of the Russian Foreign Ministry, Alexander Kramarenko, in 2000s – one of the most thoughtful ideologists of Russian foreign policy: 'Grounds for bloc policies are gone. The multi-variance of states' behaviour in the international arena has increased. A polycentric international system is objectively taking shape, in which the state would be guided by national interests free of ideology and by a common understanding of collective interests. This is the basis of a new, self-regulating world order, based on collective efforts of all states and on the supremacy of international law. I would like to emphasise that legality is not a legalistic matter but morality, justice and democracy of international relations'.<sup>12</sup> However, no one has ever specified how to combine in practice 'national interests free of ideology' and 'a common understanding of collective interests' – especially as legality should be interpreted not as 'a legalistic matter but morality', which obviously implies different interpretations.

Supremacy of international law, which is a necessary point in any Russian description of desirable world architecture, includes first of all special emphasis of sovereignty as key notion of international relations. More precisely it means that any intervention in domestic affairs should be excluded, and allowed only with very clear and unambiguous sanction from UNSC. Since Russia has veto power in this body, sticking to international

law automatically means Russian ability to stop any move, which it considers wrong, risky or inappropriate. Libya was a strange exception, maybe because of unusual tandem situation in Russia (Medvedev as formal president, who took practically one independent decision – on Libya) while Russian position on Syria is a vocal manifestation of this ‘law and order’ approach.

Yet, whatever officials in the BRICS capitals say, the world is a closed international system. Thus, growth of their influence ‘will obviously cut down the influence of the West, though relatively.’<sup>13</sup> Hence, constant fears run in the US and the European Union that BRICS may become a prototype of an anti-Western association. However, the discussions about BRICS, now held in Russia, are not anti-Western. Moreover, commentators and analysts emphasise that ‘such a feature of BRIC’s “philosophical approach” as the inherent non-directedness of this association against other countries is also important to our state.’<sup>14</sup>

In his programme article on foreign policy, published a week before the presidential election, Vladimir Putin had positive things to say about co-operation within BRICS. He placed emphasis on one particular aspect. The future Russian president sees the unifying factor in the fact that all BRICS countries not only have similar views on the need for a new, multi-polar world order, but, most important, share one and the same basic value – national sovereignty as a fundamental structural element of the world system. This concept is an alternative to the Western approach that is based on the premise that today sovereignty is no longer as sacred and immutable as it was in the past.

This view is well grounded. All BRICS countries enjoy practically full sovereignty. They have broad latitude in their actions, rooted in their material capabilities, and they are not restricted by formal alliances. There are not so many states in this category. European countries, for one, do have an economic foundation but are often much more tied up politically. The question is whether this conceptual community is enough to create a framework that can be filled with economic, geopolitical and ideological content. This process is obviously slow and has no guarantees of success, but the ability of BRICS to develop in the face of universal scepticism gives cause to hope that it will continue to evolve.

By the way, the same pre-election article by Putin on foreign policy emphasises an interesting feature shared by Russia and the other BRICS countries. Criticising the West for its interference in Russia’s internal affairs by funding various non-governmental organisations, Putin wrote: ‘However, Russia does not use or fund national NGOs based in other countries or any foreign political organisations in the pursuit of its own interests. China, India and Brazil do not do this either. We believe that any influence on

domestic policy and public attitude in other countries must be exerted in the open; in this way, those who wish to be of influence will do so responsibly.'

Each BRICS summit sets off a new round of debates on the essence and the future of this unusual international format. Most Western commentators are sceptical about what they consider an accidental and artificial association. Interest in this five-member group is accompanied by numerous doubts about its future even among its member countries, particularly India and Brazil. Indeed, it is difficult to find a group of states that are so different in so many different ways. Their cultures, as well as geopolitical and demographic features, are poles apart.

## TROUBLES IN GETTING UNITED

The most common reason for scepticism regarding BRIC is that the countries making up this association are quite different from each other. Therefore, sceptics say, the creation of an alliance based on common values and interests, patterned after NATO or the European Union, is impossible. 'China, India, and Russia are competitors for power in Asia, and Brazil and India have been hurt by China's undervalued currency. Thus, BRIC is not likely to become a serious political organisation of like-minded states,' Joseph Nye says, for example.<sup>15</sup> It is well known that there are strained relations between New Delhi and Beijing. The level of confidence between the two countries remains low, while processes taking place in South Asia and related to the future of Pakistan may increase tensions still further. Relations between Russia and China also carry potential for complications – primarily due to the growing economic imbalance between the two countries.

Russia's recently published 'Strategy 2020' says straightforwardly that the rise of China poses the most significant risk for Russia. No statement from Moscow, at least no high-status document, had ever contained such explicit wording. This hardly means a turnaround in policy, but the new tone will not pass unnoticed by China.

Clearly, the five states have a different geography of foreign policy priorities. So, the more global and more general issues are put on the BRICS agenda, the higher the chance of coming to agreement, whereas the closer the parties get to specifics, the more friction appears between them. BRICS has not yet realised its potential as an influential international entity. For example, BRICS demonstrated unity on the Libyan issue when it was voted in the UN Security Council in March 2011 but their positions diverged on Syria early this year.

The BRICS countries are divided by even deeper differences that are a source of permanent grievances in some cases. Thus, Brazil, India and

South Africa insist on increasing the number of permanent members in the UN Security Council. Its current status has long come into conflict with the alignment of forces in the world arena, and the need for change is universally recognised. These three countries consider themselves the best candidates for new permanent members, and few countries oppose this idea. However, whenever this issue moves to the practical plane, the current permanent members of the Security Council start to pretend that this is not their concern and that the issue is very complicated. This is no surprise – there are no precedents in history of countries with exclusive privileges sharing them with others of their own volition. But this attitude impedes the consolidation of BRICS.

At a summit in China, the leaders of member states declared that they were the backbone of global economic and political stability and would strengthen their interaction in this field. However, when the scandal over IMF Managing Director Strauss-Kahn offered them an opportunity to demonstrate this interaction, BRICS fell apart.

Russia, which at the level of rhetoric has always been the main herald of the importance and necessity of BRICS, made an exhibition of itself. At first, Moscow, together with other members of the Commonwealth of Independent States and without consultation with the other BRICS countries, supported a candidate from Kazakhstan. Shortly afterwards, together with its BRICS partners, it spoke out against the tradition of appointing a European as IMF managing director. Finally, at a G8 summit, it found that there was no better candidate than Frenchwoman Christine Lagarde. All of that happened within one week. The other BRICS countries showed no solidarity either. South Africa came up with a candidate of its own, former Finance Minister Trevor Manuel, but the others did not bother to take note of that. Brazil quietly entered into negotiations with the front-runner candidate about its needs, while India and China hid behind statements about the imperfection of the world order.

In the meantime, it was Russia that had the key to a hypothetical common position of the BRICS. If Moscow had expressed a dissenting opinion at the G8 summit, the other BRICS partners would have had grounds for consolidation, and the pushing through of Lagarde's candidacy by Europe, which in view of its desperate economic situation could not afford missing this key position, would have looked like an outright imposition of its will. But Moscow preferred not to do so in order to not disrupt its European friends' game. As the Hong Kong-based *Asia Times* pointed out, 'BRICS will remain a shelter for Russia so long as it stands excluded from a common European home,' whatever passionate words Russia may say about the organisation.<sup>16</sup>

Speaking objectively, BRICS had no chance to prevent the election of Christine Lagarde as IMF managing director; this would have been possible only if the United States had turned its back on the EU. But that would have been a real blow to the foundations of the transatlantic relationship; Washington is not ready for that yet. However, BRICS missed a wonderful chance to assert itself as an independent and influential force.

## IDEOLOGY AND POTENTIALITIES

Sceptics overlook one important detail. Reasoning is true if we view BRICS as a traditional alliance. However, considering that the main characteristic feature of the current state of the international system is its transitional nature, the diversity of BRICS should also be viewed from another angle. The main trait of the 21<sup>st</sup> century is a rapid complication of the world, which requires new and creative approaches. These approaches can only be found if one takes into account the different horizons of the participants in international relations. Paradoxically, the meaning of BRICS is that the components of this acronym are in no way alike. It is like a miniature model of the world. Major cultural and religious communities are represented in it – Christianity (both main branches), Buddhism, Islam (India has the second largest Moslem population in the world) and Confucianism. It represents a palette of various types of social and political systems, ranging from several variants of democracy to a rigid centralised system. The economic orientation of the five countries is diverse – they include exporters of raw materials, goods and services, and their consumers. Finally, each of these countries has been strongly affected by some or all of the most painful challenges of our time – terrorism, separatism, religious extremism, climate change and drug trafficking, etc.

In other words, there is no other such a representative format in the world that could serve as a platform for working out truly global approaches to international problems.

The world where usual international structures are undergoing a deep crisis, because they cannot adapt to changing circumstances, requires a creative approach to institutions and forms of coordinating interests. BRICS is an interesting attempt to move beyond traditional barriers and look at the world's development through another prism, which corresponds more to the reality of the 21<sup>st</sup> century. But, of course, it is difficult to imagine that this dialogue format will evolve into a rigid organisation – the interests and horizons of its member countries differ too much for that.

Russian scholar Nikolai Kosolapov points out an interesting factor that unites the BRICS in their attitude towards the West. According to Kosolapov,



apart from their hypothetical future power, another common feature of the BRICS countries is their present vulnerability, as each of them is facing serious development problems of their own. The fact that all the five countries have seized on their collective designation, which is technical in essence but alien to them in origin, is indicative of two things at least: first, a serious and deep crisis of the socio-historical and, largely, politico-ideological identity in each country; and second, the reality of a temptation for the political and social elites of the five nations to be carried away by sweet yet uncertain economic prospects.

Kosolapov also discusses a possible ideological paradigm of BRICS. The period from 1979 to 2009 saw a global crisis of socialist ideas and a left alternative, and a global offensive of political reaction and clericalism. However, the task of ensuring the countries' growth and sustainable development in the world is social-reformist in content, if not social-democratic, Kosolapov believes. It cannot be accomplished in the context of orthodoxy and fundamentalism, ideological or religious. Its solution, however possible, will require constructive political interaction between left thought and conservatism (not reaction!). An expansion of this aggregate part of the global political spectrum would limit the field for and risks of ultra-right and ultra-left extremism. Initiatives for the revival and strengthening of the appropriate ideological and political environment in the world could be one of the BRICS' goals.<sup>17</sup> It should be said, though, that today's Russia least fits into the framework of the revival of international left-socialist discourse, as it is, perhaps, the most capitalistic and individualist-minded country in the world. However, trends in Russia's internal development may change as the neo-liberal and state-monopoly models exhaust their resources.

The Russian expert community's views on BRICS are well summarised in a 2011 review of several reports. 'It is clear to everyone studying BRICS in one way or another that this global structure is now facing a difficult choice: either to become firmly established in the system of power now, or to stake on *delayed influence*. The first option may help BRICS partially adapt the existing rules to their interests. After that, it is to be supposed, the historical mission of this structure will be fulfilled and there will be no more need for it. The other option should not be dismissed, either, 'if the US does not agree to a more pluralistic and multipolar world and if it continues losing its leadership, or if isolationist tendencies prevail in the US and if a power vacuum emerges in the world after this country withdraws from global politics.' This wording reveals Russia's dual attitude towards BRICS, based on its status of a nuclear power and a permanent member of the UN Security Council, a kind of *non-West* and *non-East*, which is most graphically manifest against the background of hopes, still alive among part of the Russian ruling elite, for a full-fledged alliance with the United



States and integration into *the collective West* (and then goodbye to unloved BRICS!). This is an illustration of ‘dissonance between political ambitions and economic possibilities’ in Russia.

‘No one knows what prospects await BRICS under the second, *delayed* scenario, but it is already clear that this option is more desirable for the expert community, which almost unanimously warns the association’s leaders against its further bureaucratisation, politicisation and formalisation and against its turning into just another organisation like all the rest. The majority of experts also oppose an unjustified enlargement of the existing format through admitting new *rising* countries (but not *civilisations countries!*). This would certainly erode the *civilisational message* with which many people today associate the possibility of radical (not palliative) changes in the global economy and politics. But let’s be realists. If the dawn of a new era in world affairs ever breaks, this will happen only after Goldman Sachs’ forecast concerning BRICS finally comes true, that is, after BRICS makes it to the top of the world rankings, sidelining the traditional heavyweights. In the meantime, let’s arm ourselves with patience.’<sup>18</sup>

‘Civilisation countries’, it should be explained, is an old notion, used to emphasise Russian, and some other non-Western powers’ uniqueness and, first of all, their self-sufficiency in terms of the cultural model, with no need to join alliances or communities with shared values. It also referred to their ability to create their own value systems, and their ability to compete with others.

## SPECIFIC INTERESTS OF RUSSIA

However, apart from the common views on the world order that unite Russia and the other BRIC countries, Moscow has specific interests that can be achieved precisely owing to its participation in the BRIC format. This concerns, above all, the development of a new approach to foreign policy to replace what can be described as a post-Soviet approach, or rather a continuation of the Soviet one.

Soviet foreign policy, global in form, was always Western-centric in essence. Moscow viewed the other parts of the world, including those that were very important to it – the Middle East, the Far East, Africa and Latin America – through the prism of its relations with Western countries, primarily the United States. In the post-Soviet period, Russian politics lost much of its global dimension but retained its Western-centrism. Whereas in the era of ideological confrontation the West was the centre of repulsion, the confrontation with which served as a system-forming factor of the entire

foreign policy, after the Soviet Union's break-up the West became a centre of attraction. Russia's desire to join the ranks of 'civilised nations' was behind its high foreign-policy activity from the early 1990s to the mid 2000s; that is, from the early Yeltsin to the late Putin years. Of course, Russia's views on terms on which it was ready to become part of the 'Western world' changed during this period, but the goal itself never changed. This factor had an impact on Moscow's relations with the rest of the world.

As Russian scholar Alexander Lukin pointed out, 'Even though the concept of multipolarity was specified in the official documents... the practical foreign policy steps did not go beyond the traditional Russian-Western post-Soviet paradigm, while relations with other partners (China, Iran, the Middle East) would often be viewed as a lever for putting pressure on the West or as a mechanism for influencing it. These regions were not viewed as actors having significance per se'<sup>19</sup>

In the second half of the 2000s the situation began to change. It became clear what stood in the way of rapprochement between Russia and the West. Even in the period of its maximum weakness – the mid and late 1990s – Moscow was not ready for integration into Western structures on the same terms as everyone else and as a subordinate party. Russia's mentality, history and objective parameters (size, geographical location, huge nuclear arsenal and vast reserves of mineral resources) did not allow this country to give up its great power status. On the other hand, the shifting of the centre of global development to the non-Western world, above all to Asia, made Russia's orientation towards the West alone inadequate both economically and politically.

As Russian analyst Alexei Bogaturov wrote, 'Another concept has ripened in Moscow: the national interests of Russia in the sphere of foreign policy are not reduced only to rapprochement with the West. Russia has an international programme of its own, and it will be implemented – in cooperation with the West or, otherwise, completely independently.'<sup>20</sup>

The BRIC idea turned up just in time. It was difficult to find a more convenient format for, first, adjusting the general vector of Russia's foreign policy in favour of non-Western orientation; second, for reminding the world that this country has a global horizon, which was reduced to a regional scale after the Soviet Union's break-up; and third, for emphasising Russia's commonality with states that are leaders in the rate and quality of economic growth. 'The advancement by Russia of the BRIC format in recent years, where the parties discuss the agendas of the UN Security Council and the G8, apparently reflects this transition by Moscow to fundamentally new positions in its foreign policy.'<sup>21</sup>

At the same time, Russia's position in BRICS is most specific and ambivalent. Russia has never considered itself a developing country – and,

actually, it is not. For centuries, Russia developed as a European empire, even though in its own peculiar way, and now it has for the first time found itself in a situation where the historically habitual development model does not work.

Brazil, India and China have for several decades now been gradually rising, seeking to overcome (all in their different ways) poverty and backwardness. At the same time, Russia experienced an unprecedented decline 20 years ago, after which it began to rise but has never returned to a stable growth trajectory. Even during the first few years after the Soviet Union's collapse, Russia did not fall to the level of a third world country. It should be said, though, that the problems faced by Russia were entirely different from those that the other BRICS countries still address, even though these countries may be ahead of Russia in economic growth rates.

However, as US scholar Thomas Graham pointed out: 'For the first time in the modern era, Russia is now totally surrounded (beyond the former Soviet space) by countries and regions that are more dynamic – politically, economically or demographically – than it is'<sup>22</sup> This factor creates an absolutely new situation for Russia, both advantageous and dangerous. One of the dangers for Russia is finding itself lagging behind not only the West, which is habitual for the Russian mentality, but also the East, which Russia always used to look at with interest yet in a somewhat patronising manner.

This problem is particularly manifest with regard to China. The present political relations between the two countries, probably the best in history, are marred by the growing economic imbalance in favour of China – and not only in bilateral relations. The general growth of Beijing's weight in the world evokes fears in Russia about the future nature of its relations with China.

Prominent foreign-policy analyst Sergei Karaganov noted that 'the availability of the Chinese alternative strengthens Russia's positions in bargaining with the West. Yet it also increases the chances – if the existing vector of social and economic development persists – of sliding past the status of a "respected younger brother" and turning into an outright raw materials and energy appendage of Great China. This will add to the unenviable role of a powerful but weakening energy appendage of feeble Europe. In the final run, a scenario of this kind is fraught with weakening of the country's sovereignty.'<sup>23</sup>

An interesting illustration is the evolution of the Russian approach to SCO. This regional organisation played an important role in settling territorial disputes in Central Asia after the collapse of the Soviet Union and, by avoiding tensions between Russia and China, harmonised their relationship. But since China is far stronger economically, Russia is afraid that further development of this organisation can lead to its transformation to a

China-led economy-centric grouping, where the role of Russia will consecutively diminish.

The rise of China creates a profoundly new geopolitical and geo-economic situation for Russia. Beyond obvious changes which should be addressed like uncertain future of Russian Far East or risk to become resource appendage to China there is a bigger dilemma. How will Russia, which is a country European by nature, culture and history, but mainly placed in Asia (three quarters of territory) feel in a new world, where Asia is growing and Europe shrinking? The Asian challenge will change Russia's view of the world and force it to re-evaluate its traditional – and now largely anachronistic – focus on the West. However, Russia's position in Asia depends on the stability of its relations with the West. Russia must strike the right balance to prosper in the 21st century. And this process, the most important one, will define Russian stance everywhere, including BRICS, for years to come.

## THE FUTURE OF BRICS

There are different opinions regarding BRICS' prospects in Russia. Although diplomats are generally positive about the BRICS idea, they cautiously avoid speaking about the institutional strengthening of this organisation. 'For professional diplomats, BRIC [...] is a dialogue mechanism based on realistic conservatism. BRIC is not an organisation but a pragmatic attempt to pool the potentials of four countries in order to work out a political alternative and to increase their own weight in international affairs. [...] Without an organisational structure, BRIC is flexible and positively competitive. This is a challenge to Russia. The BRIC composition may vary. The current agreement on the non-expansion of BRIC will remain in force for as long as the present format of the dialogue is useful and advantageous to its participants, especially those who show the highest rates of economic development.'<sup>24</sup>

Experts are more resolute. 'It would be very useful to create a BRIC bureaucracy, even though rudimentary, at the level of special sherpas. The interest of bureaucracies, reinforced by the commonality of value benchmarks, is a great force.'<sup>25</sup>

Alexander Lukin wrote that 'another tantalising prospect is to set up an organisation that is an alternative to the G8.'<sup>26</sup> To this end, he proposes intensifying the agenda; working towards the institutionalisation of the BRICS and the creation of a formal mechanism for negotiations and discussions (regular meetings of the heads of state, ministers, etc.), with a view to establishing an international organisation in the future; considering a possible expansion of the BRICS by including states that usually participate in meetings on the margins of G8 summits and that represent various parts

of the world (Mexico, Egypt, Indonesia, South Africa). The operation of the BRICS as an emerging international structure must be provided with scientific and expert support, and Track II interaction within the BRICs must be developed. Most appropriate in this context was an initiative to establish a Public Forum in the BRICS. This forum could find it useful to use the experience of the creation of the SCO Forum.<sup>27</sup>

The prospects of BRICS remain uncertain and for now this format is rather a large declaration of intent than an emerging international institution. However, this declaration per se fits very well into the global development trends, and therefore it has a chance for development. In any case, the five countries will try to preserve this format in order to have more opportunities in the future.

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## Russia, BRICS and the Global Supply Chain of Resources for Development

*Irina Abramova and Leonid Fituni*

According to the World Bank estimates, by 2025, global economic growth will predominantly be generated in emerging economies. By that time, six major emerging countries – Brazil, China, India, Indonesia, the Republic of Korea and the Russian Federation – will collectively account for more than half of all global growth. Several of these economies will collectively account for more than half of the global growth rate. In this new global economy, the centres of growth are distributed across both developed and emerging economies.<sup>1</sup>

Among BRICS countries economic progress, historically, has followed one of two paths. The first, which characterises economies such as China, India, and Russia, is one in which total factor productivity growth is a major contributor to economic growth. The second path, which has recently been common among the economies of Latin America and Southeast Asia, is one in which growth is led by the rapid mobilisation of factors of production. Out of all BRICS only Brazil (and in the 1970s to the 1980s, partly RSA) has followed this path. South Africa has been a special case. Due to the international sanctions against the former apartheid regime, the country was forced to embrace elements of both ways, despite its abundant mineral resources and cheap African labour. Both groups of BRICS countries offers are expected to need more and more natural resources in order to reach their development goals and to adequately raise the standards of living of their population.

Existing forecasts predict that the global demand for raw materials will rise by 50 to 60 per cent by the middle of the century.<sup>2</sup> It is widely believed that the economic growth in such countries as China, India, and Brazil, even in the context of cyclical slumps in the world economy and significant price fluctuations, will contribute to an increase in fuel and raw material consumption. According to the estimates of the US Energy Information Administration, even if high liquid fuel prices are retained [the



level reached in the first half of 2008], the consumption of liquid fuel types will increase to 99 million barrels a day by 2030 [in 2005, it amounted to 84 million barrels a day].<sup>3</sup>

The relative growth in importance of the 'resources factor' in the world economy and, as a consequence, in world politics, is graphically illustrated by comparing the figures of the Earth's growing population and the extraction of the key types of natural resources. The number of people on the planet grew from 2.5 billion to 6.6 billion between 1960 and 2009 (by a factor of 2.64). However, this is disproportionate to oil production, which increased from 522 million to roughly 4,000 million tons (by a factor of 6.5), and gas production, which went from 190 billion to more than 3,000 billion cubic meters (by a factor of 15.8). This dramatic and disparate increase holds true for nearly all kinds of mineral resources.<sup>4</sup>

The growth in per capita use of most types of natural resources is more than likely to continue in the foreseeable future. Mineral resources are distributed very unevenly around the planet and as a rule their biggest users are not the countries in which they are found in abundance, but rather where mineral resources are scarce or not found at all.

Increased competition for strategic resources causes extreme volatility at the commodity markets. Fundamental changes are taking place in the energy sector, which is related, *inter alia*, to the use of innovative technologies to develop hard-to-recover hydrocarbon reserves. At a time when it becomes increasingly important for the states to diversify their presence in the world markets in order to guarantee their economic security, we are witnessing imposition of various unjustified restrictions and other discriminatory measures.

The growing depletion of natural resources is one of the true and fundamental reasons for the worsening of local, regional and global crises in the new millennium. The availability or lack of natural resources have direct effects on people's living standards, state prospects for social and economic development, stability of the world economy and international security.

The start of the current century has clearly shown that states act to secure control over the depleting natural resources which are in short supply. Quite often they would disguise that real motive of their behaviour by the loftiest goals and ideals – safeguarding peace, freedom, democracy, and opposing the proliferation of weapons of mass destruction.

## BRICS' RESOURCES POTENTIAL

Out of all BRICS nations Russia and South Africa are considered to be the best endowed with natural resources. But it would be wrong to say that

the rest are poor in minerals, energy resources or non-fuel raw materials. A recent academic research by Skolkovo think tank has shown that the majority of countries that are resource dependent (measured as the share of non-fuel primary commodities to total exports) are actually relatively poorly endowed in resources (measured as per capita income derived from non-fuel primary commodities). Conversely, many countries that are well endowed in resources have relatively low resource dependencies because, in addition to having large resource sectors, they also have significant manufacturing and service sectors.<sup>5</sup>

‘The Concept of participation of the Russian Federation in BRICS’ an important Russian foreign policy document states that ‘the BRICS authority in the international arena is based on the growing economic power of the participating States, importance of their activities as a major driving force of the global economy, their significant share of the world population and their rich natural resources’.<sup>6</sup>

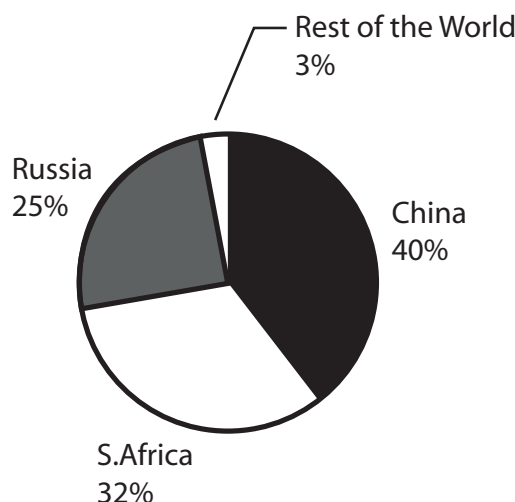
Indeed, the BRICS countries play a dominant role in the global mining industry in terms of reserves, production and consumption. In recent years, the mining industries in the BRICS countries experienced a healthy growth; this trend is expected to continue into at least in the the immediate future. Iron ore is the leading mineral that is used by the BRICS countries, with China emerging as the leading consumer and producer of the mineral in the world. As well as iron ore, China is also the world’s largest producer of manganese, salt and gypsum. In Brazil, iron ore accounts for 75 per cent of the country’s total mining exports and China represents the largest importer, accounting for 45 per cent of Brazilian iron ore exports. Some analysts believe that this dependence on China could create serious concerns for Brazilian iron ore producers. Brazil is a key producer of iron ore, bauxite, kaolin and phosphate globally while Russia is the largest producer of nickel and diamonds. India is one of the principal producers of coal, iron ore, bauxite, limestone and barites.<sup>7</sup>

With regard to certain types of mineral and, to a lesser extent, fossil fuel resources, BRICS countries jointly could assume the role of monopolists on the global commodity markets. However, their current external economic policies exclude options such as joint commodity market management. Technically, the BRICS could easily assume the same level of command over such markets as platinum, gold, wolfram, vanadium and rare earths as the developed countries now have over the global financial flows, technologies transfers and intellectual property markets.

For example, according to some reports,<sup>8</sup> compared to average 2005–2012 levels demand for vanadium – a soft, silvery grey mineral used primarily to strengthen steel – is expected to more than double by 2025 (to 123 000 metric tons a year). This is due to the briskly industrialising BRICS

countries' need for more steel to fuel their growth. The global vanadium supply (figure 1) almost completely depends on BRICS. China produces the lion's share (nearing 40 per cent of the total), followed by South Africa (32 per cent) and Russia (25 per cent). For now, steel production is the key to growth in vanadium use.

**Figure 1:** BRICS share of the global supply of vanadium – over 97 per cent



Between the years 2013 and 2015, China will need around 20 000 metric tons of vanadium. Even though some of the BRICS nations may see lower growth than was expected before the US provoked the global financial crisis of 2008–2010, the impact on vanadium demand is likely to be small. Emerging markets focused on infrastructure build-outs will forward vanadium demand.<sup>9</sup>

The current global crisis is only proving that the 21<sup>st</sup> century is going to be a century of fierce struggle for resources. The demand for raw materials is likely to grow 50 per cent or 60 per cent by the middle of the century – this despite the market recessions and the introduction of resources saving technologies. The USA, for example, has reduced its share of oil in GDP over the last 15 years by nearly 20 per cent. However, in Russia this share has grown by 30 per cent. The growth in consumption of hydrocarbons, experts think, cannot be deterred either by the cyclic world economic crises or by the appreciable fluctuations in the price of natural resources.

According to *Delloite Touche Tohmatsu*, a British-based consultancy, BRICS are increasingly 'becoming the major hubs of hydrocarbon reserves, production and consumption. They will further attract large amount of capital for the developing and financing of new energy supply infrastructure'.<sup>10</sup>

The table below (figure 2) gives a detailed picture of production, consumption and the levels of self-sufficiency in energy resources for the five BRICS nations.

**Figure 2: BRICS. Energy production, supply and self-sufficiency**

|                                                            | Unit                | 2000  | 2005  | 2006  | 2007  | 2008  | 2009                 | 2010  |
|------------------------------------------------------------|---------------------|-------|-------|-------|-------|-------|----------------------|-------|
| <b>Total Primary Energy Production</b>                     |                     |       |       |       |       |       |                      |       |
| Brazil                                                     | mtoe                | 146   | 193   | 205   | 216   | 228   | 231                  | 247   |
| China <sup>(1)</sup>                                       | mtoe                | 945   | 1 514 | 1 625 | 1 731 | 1 824 | 1 922                | 2 093 |
| India                                                      | mtoe                | 204   | 239   | 253   | 262   | 276   |                      |       |
| Russia                                                     | mtoe <sup>(4)</sup> | 2 156 | 2 530 | 2 604 | 2 628 | 2 658 | 2 552 <sup>(3)</sup> |       |
| South Africa                                               | mtoe                |       | 210   | 205   |       |       |                      |       |
| <b>Total Consumption of Energy</b>                         |                     |       |       |       |       |       |                      |       |
| Brazil                                                     | mtoe                | 189   | 216   | 224   | 236   | 250   | 241                  | 265   |
| China <sup>(1)</sup>                                       | mtoe                | 1 019 | 1 652 | 1 811 | 1 964 | 2 040 | 2 147                | 2 275 |
| India                                                      | mtoe                | 271   | 336   | 363   | 388   | 413   |                      |       |
| Russia                                                     | mtoe <sup>(4)</sup> | 1 625 | 1 727 | 1 775 | 1 791 | 1 820 | 1 758 <sup>(3)</sup> |       |
| South Africa                                               | mtoe                |       | 199   | 210   |       |       |                      |       |
| <b>Share of Net Imports of Energy to Total Consumption</b> |                     |       |       |       |       |       |                      |       |
| Brazil                                                     | %                   | 22.4  | 10.7  | 8.5   | 8.5   | 8.6   | 4.2                  | 9.6   |
| China                                                      | %                   | 3.2   | 6.6   | 7.8   | 8.9   | 9.2   | 12.7                 |       |
| India                                                      | %                   |       |       |       |       |       |                      |       |
| Russia                                                     | %                   | 2.9   | 1.9   | 1.8   | 1.8   | 2.1   | 2.0 <sup>(3)</sup>   |       |
| South Africa                                               | %                   |       | 0.1   | 0.1   |       |       |                      |       |

<sup>(1)</sup> Electric power and heat in Total Primary Energy Production and Total Consumption of Energy are converted on the basis of equal caloric value.

<sup>(2)</sup> Energy consumption per capita is calculated by annual average population.

<sup>(3)</sup> Preliminary data.

<sup>(4)</sup> In million tons of standard fuel (we mean under the standard fuel the volumes of the natural fuels – oil, coal, gas, oil products etc., which are recalculated for their own corresponding calorific equivalent).

The data above testify that on the whole the BRICS are sufficiently provided with energy resources. Russia has one of the largest gas reserves in the world and both Russia and Brazil are important global exporters of oil. However, the levels of energy sufficiency required for economic growth in India, China and particularly South Africa are hardly satisfactory. The intra-BRICS levels of trade in commodities are still below the objective optimal requirements to ensure sustained self-sufficient long-term growth. Moreover, the nations (at least as yet) have not formulated a principle of priority of mutual development support.

The Durban Summit opened new ways for cooperation between BRICS and African countries. South Africa took the role of connecting motorway to Sub-Saharan Africa. The adopted BRICS *Multi-lateral Infrastructure Co-Financing Agreement for Africa* paves the way for the establishment of co-financing arrangements for infrastructure projects across the African continent. Another adopted document, *Multi-lateral Cooperation and Co-Financing Agreement for Sustainable Development*, sets out to explore the establishment of bilateral agreements aimed at establishing cooperation and co-financing arrangements, specifically around sustainable development and green economy elements.

## CHINA'S AFRICAN POLICY

Despite the rivalry and competition between the U.S. and the EU countries that has been ongoing in Africa for decades, both see China, out of all the BRICS, as the main competitor on the continent. Beijing has managed to gain access to African resources with the help of skilled diplomacy, soft loans, aid packages, and advantageous trade agreements. China's economic growth is prompting the Asia giant to conquer new world markets, in turn pushing aside the presence of the old players. China's demand for energy resources, primarily oil, is growing every year by 3.2 per cent.<sup>11</sup> The economic growth determines the interest that Chinese investors have in producing and refining this raw material.

The PRC leadership has managed to adjust its foreign policy to the needs of its growing economy by encouraging state companies to establish contacts with countries that produce raw mineral resources. Several factors promote China's achievements in the competitive struggle with large Western companies for resources. Among those are:

- Its largely untainted history with the continent, especially taking into consideration that China did not participate in colonisation, and

did not sponsor the coups in the African countries or the murders of African leaders.

- Its implementation of extensive economic cooperation programs that include gratuitous assistance, soft loans, generous investments, particularly in the much-needed area of infrastructure, as well as active diplomacy on the continent.
- The collapse of Western structural adjustment and economic liberalisation programmes in many African countries, as well as the West's still-pending promises to render economic aid. (China, in contrast to the West, has not only been fulfilling, but even over fulfilling its financial commitments.)
- Beijing's willingness to cooperate with all governments without making political demands. (In contrast, Washington and Brussels respectively tried to impose various regimes of economic and/or political exclusion, e.g. Sudan, Zimbabwe.)

Besides the abovementioned factors, Beijing's assets include its ability to combine state and private initiatives, offer multifaceted state assistance to Chinese companies, guarantee the participation of Chinese banks, such as Eximbank and China Development Bank, in implementing African state programs, and ensure entrepreneurial enthusiasm at both the private and public levels. Government institutions and state and private companies are working together to implement investment projects.

China's strategy in the competition for natural resources is not only able to find free niches, but also able to use the tactic of first purchasing small shares in concessions or sets of shares of large companies and then gradually expanding its activity. Unlike other BRICS countries, China is striving to control raw material sources rather than buy up this raw material in the world markets. By investing in projects in raw material production areas, it is guaranteeing local businesses wider access to Chinese markets, which is also making these countries attractive for Chinese investments.

Active diplomacy is helping China gain access to Africa's natural resources. The Chinese leaders are frequent guests in the countries of the continent, and African leaders often visit Beijing. Furthermore, the speeches and statements of the Chinese leaders and private conversations with African leaders invariably touch on the common objectives of all the developing countries. The Africans are considered equal partners and China will, under no circumstances, leave them in the shadows.

## INDIA'S NATURAL RESOURCE ACQUIREMENT

India is also very active in the resource rich areas of the developing world. Unlike China, it still is predominantly a buyer of export commodities, rather than a co-investor in natural resources development projects. Thus, India plays an important role in purchases of crude oil from Iran and other Gulf States, metals and other commodities from ASEAN nations.

But the situation is changing, and Africa steadily is turning into a region of higher resource importance for India. The accelerated growth rates of the Indian economy, which were 9.7 per cent in 2010,<sup>12</sup> as well as its large population of more than one billion people, contribute to an increase in consumption of natural resources. By 2025, India will have to import more than 90 per cent of the oil it consumes; Africa will become an alternative oil source. Until recently, India has mainly imported oil from the Persian Gulf; however, Africa's share in Indian oil imports has been constantly growing and now reaches 20 per cent.<sup>13</sup> Nigeria accounts for 12 per cent of all the oil imported into India, while Angola and Sudan are also major African suppliers of petroleum. India has invested \$200 million in building the Khartoum-Port Sudan oil pipeline, which was completed in 2008.<sup>14</sup> India is also interested in importing coal from South Africa and Mozambique and, as a country actively developing its nuclear power industry, in deliveries of African uranium. In addition to fuel, India, as a major producer and exporter of precious stones and jewellery, is buying diamonds in Angola, Botswana, the Democratic Republic of Congo (DRC), and South Africa. India is not simply buying rough diamonds, but is also investing large amounts of money in the production, sorting, and polishing of stones in situ, particularly in Namibia and Botswana.<sup>15</sup>

In 2010, the volume of African-Indian trade came right up to the \$50 billion mark. There is a high share of machinery and equipment in India's exports, which is largely associated with Indian oil investments in oil-producing countries. Geographically, South Africa accounts for approximately two thirds of Indian imports from Africa in terms of cost. This country supplies gold, diamonds, uranium, coal, and different metals.

## BRAZIL'S TRADE AND INVESTMENT

Brazil is becoming another active player in the African markets, including the raw material markets. The trade turnover between the Latin American giant and Africa increased from \$6 billion in 2003 to \$25 billion in 2009 and continues to grow. In the 2000s, Brazilian exports to Africa increased by an average of 28 per cent a year, while imports grew by 23 per cent a year. Over

the past 10 years, Brazil has signed more than two hundred agreements on bilateral economic cooperation with different African states.<sup>16</sup>

The main trend in Brazil's foreign economic policy in Africa is active investment in infrastructural projects in exchange for access to mineral resources. The Brazilians are constantly emphasising that they are willing to provide Africa with new technology for overcoming its narrow raw material orientation, as well as share experience in the agrarian sphere and in political modernisation.

## RUSSIAN INTERESTS

In the past few years, the level of Russian–African relations has risen. Compared to the calm of the Yeltsin presidency, investment activity has become animated and foreign trade turnover has somewhat increased. After Russia wrote off Africa's \$20 billion debt of Soviet loans the debt problem was essentially removed from the agenda of Russian–African relations.<sup>17</sup> The volume of Russia's foreign trade circulation with Africa in 2010 amounted to \$8.66 billion, of which the North African countries accounted for 80 per cent. As for the sub-Saharan countries, the trade volume with them is no higher than \$2 billion. Russian investments and equity assets in Africa are estimated at a total of \$3 to 3.5 billion. The 750 state stipends Russia grants the Africans every year are usually not used in full.

From Africa, Russia mainly receives aluminium ore (imports cover 65 per cent of Russia's needs) and tropical agricultural products, primarily coffee, cocoa, fruit and vegetables. African investments in the Russian economy are no higher than \$500 million and mainly come from South Africa.

On the whole, Russia's economic position is growing slowly. Russia's so-called return to Africa, announced in the 2000s, has clearly been delayed. In the meantime, the competitive struggle for influence in Africa has intensified.

It stands to reason that the world financial crisis that broke out in 2008 has had an impact on international cooperation in the development of the raw mineral complex. On the one hand, trends toward saving mineral resources are seen in the US and European Union markets. On the other, the developing economies of China, India, Brazil, and Russia according to some sources, are constantly in need of growing deliveries of ferrous, non-ferrous, precious and rare metals, and raw energy resources, including oil, gas, coal, and uranium.<sup>18</sup>

Apparently, Russia, which is acting as one of the main suppliers of mineral and fuel resources in the world market today, is interested in developing cooperation with the African states in the raw material sphere. One



of the reasons for this interest is that Africa could become Russia's main competitor in the world fuel and raw material markets with several commodities. In addition to its large supplies of energy resources, Africa has several competitive advantages over Russia. This includes the cost of labour in the mining industry, which is far lower than in the Russian Federation.<sup>19</sup> Furthermore, the net production cost of many minerals in Africa is much lower due to the climatic and geological conditions. However, Africa does not have complete competitive advantage over Russia in this regard. Russia has the latest raw material, fuel exploration and production technology, as well as highly qualified personnel.

Although Russia possesses extremely rich supplies of natural resources, its domestic capabilities for fully meeting the industry's needs for high-quality raw material at competitive prices are shrinking. Many profitably exploitable deposits have been exhausted or are on the brink of exhaustion. After the collapse of the common Soviet economic space, Russia has experienced a significant shortage of several of the most important minerals, including almost 100 per cent of manganese, 80 per cent of chromium, 60 per cent of bauxite, and so on. New Russian deposits of many important minerals are largely found in the northern latitudes, and their development is associated with large investments and long introduction into service.<sup>20</sup>

Profitably exploitable supplies are being drained and this is an increasingly urgent problem. The exploitable supplies of manganese ore were essentially exhausted in 2010, while chromium supplies will run out by 2012, bauxite by 2025, wolfram by 2016, and oil by 2025. The increment in known supplies of chromium ore is four-fold lower than the recovery of this resource.<sup>21</sup>

Developing partnership with the African states to utilise mineral resources presents opportunities, not only for overcoming the difficulties that have arisen, but also for reducing the load on the mining industry, as well as for meeting Russian industry's growing needs for raw materials. The following table (figure. 3) shows the cooperation potential in the raw material sphere.

**Figure 3: Russia's Mineral Resource Shortage and Potential of Africa's Mining Sector (according to the data at the beginning of 2009)**

| Raw mineral                                        | Russia                |             |                                                                                               | Africa                         |                                |
|----------------------------------------------------|-----------------------|-------------|-----------------------------------------------------------------------------------------------|--------------------------------|--------------------------------|
|                                                    | Production            | Shortage, % | Russia's provision with supplies in % based on a 10-year cycle                                | Supplies                       | Production                     |
| Manganese ore                                      | 17 000 tons (0.05%)** | 97.0        | 2.4                                                                                           | 1 326.0 mln tons (22.1%)**     | 10/63 mln transport (31/5%)**  |
| Uranium ore                                        | 3 600 tons (9.2%)**   | 82.0        | 18                                                                                            | 433 200 tons (16.7%)**         | 6 000 tons (15.4%)**           |
| Tin ore and concentrate                            | 814 tons (0.3%)**     | 61.7        | 47                                                                                            | 415 000 tons (7.5%)**          | 15 000 transport (4.8%)**      |
| Chromium ore                                       | 733 000 tons (3.0%)** | 60.3        | 40 (based on an annual ore import of 1.01 mln tons                                            | 1839200.0 thou. tons (48.4%)** | 10470.0 thou. (43.4%) **       |
| Titanium concentrate                               | 82 000 tons (0.7%)**  | 59.2        | 38.7                                                                                          | 435.8 (44.6%)**                | 2.389 (20.0%)**                |
| Aluminum in bauxite                                | 5.3 mln tons (2.6%)** | 50.0        | 37.6                                                                                          | 7464.0 mill. tons (42.6%)**    | 20.9 mln transport (10.5%)**   |
| Zinc ore and concentrate                           | 337 500 tons (2.9%)** | 27.8        |                                                                                               | 17040.0 thou. tons (7.1%)**    | 284.4 thou. transport (2.4%)** |
| Molybdenum ore and concentrate                     | 5 400 tons (2.4%)**   | 19.5        | 88                                                                                            | 19.0 (0.1%)**                  | 0.0                            |
| Wolfram ore and concentrate                        | 4 220.0 tons (7.5%)** | 4.3         | 97(with imports of concentrates of up to 3.04 thou. tons and production of 6 500 tons a year) | 6 000.0 tons (0.2%)**          | 160.0 transport (0.3%)**       |
| Niobium (manufactured only at the Solikamsk plant) |                       | 70          |                                                                                               |                                |                                |

Notes:

\* - only confirmed supplies in category ABC1.

\*\* - in percentages of world statistics.

Source: I. O. Abramova, L.L. Fituni et al. (2011) Africa in: 'Rossiya v politzentrchnom mire' ['Russia in Polycentric World'], Ves Mir: Moscow, 2011. P.546

As can be seen from the table, today Africa is producing 600-fold more manganese than Russia, 20-fold more tin, 15-fold more chromium, almost

30-fold more tantalum, and 7-fold more bauxite. African ores are also more attractive due to their favourable extraction conditions, higher content of beneficial components, and low net cost.

Since the collapse of the Soviet Union, only one uranium-manufacturing enterprise has been operating in the Russian Federation. The explored uranium supplies in Russia are estimated at 615 000 tons, 160 000 tons of which come from deposits in South Yakutia. The development of these deposits requires large financial expenses.<sup>22</sup> Therefore, the African countries, where approximately 25 per cent of the world uranium supplies are concentrated, could, along with Kazakhstan and Mongolia, be of practical interest as prospective partners in developing these nuclear fuel (uranium and other) deposits.

Russian companies are also showing a great interest in developing Africa's aluminium ore. Despite the fact that Russia imports raw materials for producing aluminium from Kazakhstan and Azerbaijan, Africa is the most promising partner with respect to this mineral. The matter primarily concerns Guinea, which ranks first in the world in terms of bauxite supplies. Furthermore, the quality of bauxite in Guinea is very high. It is thought that in 2015, Guinea will meet a quarter of the world demand for bauxite.<sup>23</sup>

Russia is also a major player in the diamond market. Expanding cooperation with the African countries is viewed as an important prerequisite for strengthening the mutual positions of Russia and South Africa in the world market of this raw material.

Russian-African cooperation in the oil and gas sphere will have special significance in the 21<sup>st</sup> century. Russia, along with Saudi Arabia, currently occupies the leading place among the oil-producing and oil-exporting countries. The influence of energy-related factors upon the country's foreign policy is growing. Russia is striving to be the most influential player in the world's oil and gas market. However, it will be very difficult for the country to materialise these plans by means of its own resources alone. The main oil production areas in Russia can only provide 30 to 40 per cent of the resources to execute this goal; the rest of production will have to increase by exploring and developing deposits in Russia's hard-to-access areas and coastal waters. According to the available forecasts, by 2020, the share of hard-to-recover reserves of liquid fuel will increase by 80 per cent.<sup>24</sup> The development of new deposits requires large investments and is not always economically expedient.

So in order to retain its influence in the world oil and gas market, Russian companies are taking steps not only to develop new deposits in the Russian Federation, but also to extend the geographic framework of their

activity by organising oil production in other, more favourable regions of the planet, including Africa.

Russia is the largest producer and exporter of natural gas in the world. Presumably, in the 21<sup>st</sup> century, the share of natural gas in the energy consumption structure will constantly rise. In light of the increase in world gas demand, Russia is interested in retaining its leading position in the production and export of this resource. However, gas production at the main Russian fields is decreasing as is the development of new deposits at great depths in the Arctic latitudes, and in other hard-to-access areas. This is associated with enormous investments. An increase in gas exports could be ensured by developing gas fields outside the country, including in the African states, the gas resources of which are estimated at 31 trillion cubic meters.<sup>25</sup> The net cost of gas production at African fields is 35 to 60 per cent lower than at the Russian fields, and several African countries have the latest technology for liquefying natural gas.

At the moment, Russia and the African countries are rivals in supplying blue fuel to Europe (figure 4).

**Figure 4:** Russia and the African Countries in Gas Deliveries to the European Mediterranean Countries (share in %)

| Importer country | Russia |      |         | African countries |      |        |
|------------------|--------|------|---------|-------------------|------|--------|
|                  | Years  |      | Change  | Years             |      | Change |
|                  | 2003   | 2009 |         | 2003              | 2009 |        |
| France           | 23.3   | 16.7 | – 6.6%  | 23.7              | 24.0 | + 6.3% |
| Italy            | 32.1   | 30.0 | – 2.1%  | 43.9              | 46.0 | + 2.1% |
| Turkey           | 59.8   | 62.6 | +2.8%   | 23.5              | 15.7 | – 7.8% |
| Greece           | 73.2   | 62.3 | – 10.9% | 26.8              | 21.3 | – 5.5% |

*Source:* BP Statistical Review of World Energy 2010, The African World, Moscow, 2010, pp. 23–25.

Supplies of natural gas from Russia to the countries of Western, Northern, Southern, and Central Europe have decreased from 148.44 billion cubic meters in 2004 to 132.8 billion cubic meters in 2009, while from Africa they have increased from 68.7 to 78 billion cubic meters, respectively.

The West European countries are planning to significantly extend the gas pipeline system connecting Africa and Europe. Work is underway to build three new pipelines for transporting African gas to the EU countries. When they are finished, the gas transportation capacities from Algeria and Libya to Europe may double and amount to 62 bcm a year.

Algeria is the largest supplier of natural gas among the African countries to the world market. So for Russia, the development and intensification of

diverse cooperation in the gas sphere, including coordination of gas policy in the world market, is of immense importance. Furthermore, the interests of Algeria and Russia, which are the largest gas suppliers to Europe, directly intersect in the European market. When the trans-Saharan gas pipeline goes into operation, Nigerian gas will start going to Southern Europe through Algeria.

In order to retain its influence in the gas market, it is also important for Russia to develop partner relations with other gas producers in Africa.

Importer countries are striving to lower their gas dependence on Russia, and thus Russia is encountering resistance from the EU in its attempts to expand cooperation with the African countries in the oil and gas sphere. This resistance is demonstrated by attempts to block Russia's participation in exploiting the trans-Saharan gas pipeline. In 2009, Russia's share in gas deliveries to the EU dropped to 30.7 per cent compared to 35 per cent in 2006.

This is why it is difficult to overestimate the value of Russia's cooperation with Algeria and other African countries in the oil and gas sphere. Namibia, Tanzania and South Africa can be named as other prospective partners for the Russian Federation.

In recent years, Russian companies have made perceptible efforts to expand their positions in the development of Africa's natural resources. Eighteen large Russian companies are implementing 40 projects. The most significant are as follows: diamond production in Angola (Alrosa), building the Nigeria-Algeria gas pipeline (Gazprom), nickel production in Botswana (Nor Nickel), developing the oil field in the coastal zone of Cote d'Ivoire and Ghana (LUKoil), developing deposits of manganese and vanadium in South Africa (Renova, Evraz), and oil production in Equatorial Guinea (Gaspromneftegaz). Most of these projects are currently being executed.

Russian investors are trying to consolidate their efforts with African cooperation. This is manifested at the current stage in creating business councils both with individual African countries and with entire regions. The Russia-South Africa Business Council, Russia-Nigeria Business Council, Arab Business Council, Coordination Committee for Economic Cooperation with the Sub-Saharan African Countries, and so on have already been established and are functioning.

## CONCLUSION: FUTURE GOALS AND CHALLENGES

Summing up the data examined above, it should be emphasised that a characteristic feature of Russia's economic relations with Africa in the 21<sup>st</sup> century is the perceptible stepping up of investment cooperation in *the*

*mining sphere* due both to the strong position of the African countries in the world raw material markets and the intensified competition over natural resources on a global scale. Furthermore, in light of the growing role of the energy industry in world economic development, the oil and gas complex occupies the main place in Russian-African cooperation. The African market of highly efficient oil and gas projects is fiercely competitive, and Russian oil and gas companies have to earn their place amongst the leading transnational companies of the West, China, India, and other countries. The success of Russian businesses in cooperative development of African resources largely depends on systemic state support of its activity in the resource-abundant countries of the African continent. In the 21<sup>st</sup> century, Russian and other BRICS nations' interests are intersecting with the interests of the leading players in the world market of natural resources.

Analysts in Russia and China believe that the West increased interventionism into the internal affairs of African countries, both in the Arab north of the continent and south of the Sahara, should be explained fundamentally by attempts on the part of the rich democracies to secure the control over strategic natural resources in the first place. Other motivations, though undoubtedly extant, are on the whole secondary.<sup>26</sup> The matter primarily concerns Russia and the rest of the BRICS, as well as several states on the African continent. Official EU documents and statements of high-ranking American officials openly declare the necessity to reduce energy and broader raw materials dependence of Europe from Russia, which in practice turns into openly or covertly creating obstacles on the way of energy and other projects undertaken by Russia in northern and sub-Saharan Africa.<sup>27</sup>

The strengthening of the position of Russia and other BRICS countries in the world economy of the 21<sup>st</sup> century will largely depend on whether they will be able to take advantage of the favourable situation in the world raw material markets to modernise their national economies.

The struggle on the African continent for political and economic influence will mainly be waged in three spheres – the European Union (headed by the former metropolises), the US, and the BRICS. Furthermore, the old centres – the EU and the US – will largely act from similar positions, competing for supremacy with the new players in the African space, primarily with China, India and Brazil. However, within the Western camp itself, specific processes will develop related to the existence of multidirectional vectors and competition in it. The China, India, and other new power centres will consistently build up their presence in Africa and push out the West in various spheres.

The BRICS cooperation with African countries combined with the increased growth rates of the economy and population in both BRICS and Africa, which are manifold higher than in Western countries, could lead

to major structural changes. The markets of raw minerals and hydrocarbons have magnificent effects on the overall international trade system. Competition among nations over natural resources will become even more intense in the next few years. Despite the crises in the world economy, problems with supplying the leading industrial countries with natural resources will steadily accumulate in the foreseeable future. Africa's role as one of the last still-unexhausted sources of fuel and raw materials will not only remain intact, it will become even more important.

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## The Russian Perspective on Global Governance: Normative Challenges

*Alexandra A. Arkhangelskaya*

**G**lobalisation presents a core challenge to many historical assumptions. Since the 1990s the global community has been pushing to modify the global governance system, which is based on the power architecture of the United Nations. However, the system, built as an outcome of World War II, has remained rigid. This is largely supported by the opposition of the most powerful states and those, particularly Western actors, that would find themselves in an uneven influential position within international organisations that would not correspond to their post-World War II power. Emerging powers have been most audible in pressing for the beginning of changes. Nowadays, they are not a power to be ignored. The need for modification in global governance is increasingly seen.

In recent years, philosophers and political theorists have been busy discussing the normative implications of our globalising international system. A vivid discourse about the possibility of getting to the goal of justice at the international level now pits representatives of cosmopolitanism against those of communitarianism. There are two main approaches to changing global governance and ruling the state system: setting up new institutions and organs that correlate with the current global landscape, and starting the reform of these bodies.

The rule of law has a core role to play: it affects affairs and interdependence, and can imply content-dependent assessments to develop, without relying on self-closure or monistic dogmas. This comes traditionally from the normative implications of the rule of law stance, but appears to facilitate a prominent research agenda on global governance.

Thus, this chapter will look at the changing nature of global governance with a special focus on the Russian perspectives and the normative challenges for such processes of the global system with respect to policies at the G20, BRICS, G8, UN and other international forums.

## THEORETICAL BACKGROUND

The global governance system, with the United Nations as the head, has been under pressure for changes and alterations since the 1990s. However, the system, built in the context of the aftermath of World War II, has proven very inflexible to modification. This is due mostly to the opposition by the influential, in particular Western, actors that would find themselves in a disproportionate power stance compared to their global power after World War II. Today's emerging powers have been most audible in their demands about introducing systemic modifications. The two main variants to change global governance and regulate the state system have been setting up new institutions and organs that correspond with current global vision and initiate the reform of these institutions.

The waning of the West at the international level since World War II is not a discussible reality. At the same time, other global powers, such as Russia and China, and emerging powerhouses such as Brazil, India and South Africa, among others, have gained political and economic weight at the international level. This has resulted in the diminishing effectiveness of the global governance institutions in which Western states play an important role relative to the strength of the other powerful states. For instance, the UN has become increasingly worried by its scarce ability to reach consensus on a number of vital issues, such as the invasion of Iraq in 2003 and the nuclear development of Iran. This has made the need for modification in global governance increasingly apparent. The role of global governance institutions has been visibly undermined by the intervention into domestic affairs effectuated by some states. Growing protests from individual states have raised the claim that they function for the interests of specific states and violate national sovereignty.

There is an ongoing debate about the prospects of democratic institutions at the international level. In a cosmopolitan mode, David Held, a British political theorist active in the field of international relations on issues of globalisation and global governance, debates that globalisation requires the extension of liberal democratic institutions (including the rule of law and elected representative institutions) to the transnational level. Nation-state-based liberal democracy is badly equipped to deal with the deleterious side effects of contemporary globalisation, such as ozone depletion or burgeoning material inequality.<sup>1</sup>

In opposition to Held and other disciples of global democracy, communitarian-minded sceptics underscore the purportedly utopian character of such suppositions, arguing that democratic politics previsions deep emotions of trust, commitment and belonging that remain unpopular at the transnational level. Cosmopolitanism's universalistic moral vector not only

ignores the hard and evidently agonistic character of political ambience, it also poses as a comfortable ideological cloak for horrible wars waged by political units no less egoistical than the traditional nation state.

Western political theory has historically envisioned the existence of territorially linked communities, whose borders can be more or less clearly delineated from other communities. The contemporary liberal political philosopher John Rawls follows the discussion of bounded communities whose core structure consists of 'self-sufficient schemes of cooperation for all the essential purposes of human life.' Although political and legal thinkers have traditionally exerted enough energy in formulating defensible normative schemes of relations between states, they have ordinarily supported a clear delineation of 'domestic' from 'foreign' affairs. In addition, they have often debated that the domestic ground represents a normatively privileged entity, since fundamental normative ideals and principles (for example liberty or justice) are more likely to be realised successfully in the domestic arena than in the links among states.

According to international relations theory, relations between states are fundamentally lawless. Since the achievement of justice or democracy, for example, identifies an effective political sovereign, the lacuna of sovereignty at the international level means that justice and democracy are essentially incomplete and most possibly unattainable there. In this comfortable 'realist' view of international politics, fundamental features of the contemporary system of sovereign states rule the pursuit of Western political democracies' most noble normative goals primarily to the domestic arena. Globalisation poses a fundamental challenge to each of these traditional assumptions.<sup>2</sup>

In normative terms, there is broad agreement that currently the functioning of international institutions such as the WTO or the UN does not meet democratic standards. Acknowledged democratic deficits include the lack of identifiable decision makers who are directly accountable for wrong decisions made at the international level, as well as the inscrutability of international decision-making processes, which thus advantages the executive decision makers over others in terms of information. Furthermore, the prime actors in international politics, such as multinational business and the superpowers, are at best only accountable to a fraction of the people affected by their activities.<sup>3</sup>

In recent years, philosophers and political theorists have been busy addressing the normative implications of our globalising world. A lively debate about the possibility of achieving justice at the global level now pits representatives of cosmopolitanism against communitarianism.

Cosmopolitans underscore our universal moral obligations to those who reside far away and with whom we share little in the way of language,

custom or culture, arguing that claims to 'justice at home' can and should be applied elsewhere as well. In this way, cosmopolitanism builds directly on the universalistic impulses of modern moral and political thought. In contrast, communitarians dispute the view that our moral obligations to foreigners possess the same status as those to members of particular communities (for example the nation-state) of which we remain very much a part.

Communitarians by no means deny the need to redress global inequality, but they often express scepticism in the face of cosmopolitanism's tendency to defend significant legal and political reforms as necessary in addressing the inequities of a planet where 18 million people a year die of starvation. Communitarians do not necessarily deny that the process of globalisation is real, though some of them believe its impact has been grossly exaggerated. Nonetheless, they doubt that humanity has achieved a sufficiently rich or articulated sense of a common fate such that far-reaching attempts to achieve greater global justice (e.g. substantial redistribution from the rich to the poor) could prove successful.

Cosmopolitans not only counter typically with a flurry of universalist and egalitarian moral arguments, they also accuse communitarians of obscuring the threat posed by globalisation to the particular forms of community whose ethical primacy the communitarians endorse. From the cosmopolitan perspective, the communitarian tendency to favour moral obligations to fellow members of the nation-state represents a misguided and increasingly reactionary nostalgia for a rapidly decaying constellation of political practices and institutions.<sup>4</sup>

What does the rule of law contribute to the frame of global governance? While addressing metamorphoses of law and the multiple legalities in the global context, the rule of law can consistently be extended externally and be cherished internally. It takes the concurrence of different legalities in their diverse 'formats' seriously, and places the challenge of the 'global administrative law' in the theoretical and empirical model. At the meta-level of the relations among legalities, the rule of law has an essential role to play: it affects interactions and interdependence, and can cause content-dependent assessments to develop, without supporting self-closure or monistic dogmas. This originates from the normative implications of the rule of law ideal (linked in such pairs as accountability and responsibility, the right and the good, justice and power) but appears to open a forward-looking research agenda on global governance.

International Relations (IR) scholarship is directly in the path of two simultaneous tidal waves. The first is the rise of China and India in the traditional IR terms of military and economic power. The second is the expanding nature of what IR scholarship needs to address, as global

integration transforms the nature of the issues to be addressed and numerous trends expand the number and types of relevant actors. Neither theory nor practice is yet coping well with the profound implications of these fundamental changes. Two key and simultaneous developments are shattering international theory and politics alike. First, the accelerating shift of power within the international state system, especially towards China and to a lesser extent India, raises questions about how those emerging actors will define their interests and what behaviours they will consider appropriate. An analysis of how these powers are explicitly or implicitly adopting the assumptions of various theoretical perspectives can shed light on some of those concerns. Second, the rapidly growing field of global governance, which investigates the broad range of efforts related to the need to address global-scale collective action problems in a world lacking a global government, is challenging existing paradigms of international relations (IR) theory.<sup>5</sup>

## **MULTI-LATERALISM AND THE CHANGING NATURE OF GLOBAL GOVERNANCE**

With the end of the Cold War period, hope came for the sincere equality of states and for their freedom to elect their schemes of development and their size of involvement in international relations. However, the ‘new world order’, which was under a lot of debate, did not take place.

This first task was replaced by the wish to enlarge the system of Western institutions across the world. This may have had some logic, but the results are evident – this idea simply did not succeed. Bipolarity created the possibility of demands for unipolar influence, which is seen as counterproductive and not just and went hand in hand with a mass of turbulent upheavals, including the growth in the world of conflicts and military invasions. Concurrently, and since the beginning of the 21<sup>st</sup> century, the world economy has moved to a new stage of globalisation, one in which there are new leaders in economic growth. Nowadays, basically all parties agree that the unipolar global architecture is gone.

The world is modifying to a new qualitative level. The changes and challenges in some sectors that were ignored need now to be examined, and are knocking at the door. This is shown firstly by the ongoing global financial crisis having implications on the foundation of the whole system of global governance. The United Nations, unfortunately, lost its effectiveness and power to regulate the situation. Small numbers of existing mechanisms established at Bretton Woods became evident and began to be destroyed back in 1990. Today, the US and other developed states are confronting

a recession, but no successful solutions to emerging problems have been found at the meetings of these states in many different forums of cooperation. It became evident that one single actor would not be able to provide efficient global governance. With the ousting of the global hegemonic Western system, the multivariate conduct of countries in the global arena increased. Objectively, the emerging polycentric world scheme is one in which the country is free from ideology, and is led by national interests and a joint understanding of common interests. This is the fundament for a new, self-regulating world order, which can be made by the common efforts of all the countries and the rule of international law.

The paradigmatic organs of global governance have been the G8 and the United Nations. The G6/7/8, set up in 1975, was always a small club of self-selected states and, as such, never owned either electoral or representative legitimacy. On the other hand, its many real achievements notwithstanding, the United Nations has encountered problems in being respondent and effective. Both the G8 and the UN Security Council had become structurally obsolete at the verge of the millennium. The G8 and the United Nations do not have the possibility of rising powers in their leadership structure. Brazil, India and South Africa are not permanent members of the UN Security Council, and all the BRICS, save Russia, are excluded from the G8. It is hard to imagine any real global problem today that can be solved with the requisite level of effectiveness and legitimacy without the active role of major emerging powers at the top table of decision making.

Russia strives to intensify cooperation aimed at adapting the UN to the current international realities. As a BRICS member Russia supports reforming the UN Security Council with a view to making it more representative but without sacrificing its efficiency and effectiveness, while maintaining the prerogatives of the current permanent UN Security Council members, including the right of veto. Russian opinion towards the reform of the UN Security Council is that it should be supported by a vast majority of the UN Member States.

BRICS is a group of five fast-developing countries: Brazil, Russia, China, India and South Africa. The acronym BRIC was originally proposed by analysts from Goldman Sachs in November 2001 in a research note from that bank. According to experts of Goldman Sachs, by 2050 the BRIC economies will exceed the total size of the economies of the richest countries. In December 2010, South Africa acceded to the BRIC group of countries and the formation has been transformed into BRICS. Today BRICS combines three billion people (43 per cent of the population) in territory of 39.7 million square metres (more than a quarter of the global land surface), producing almost 13 trillion US gross domestic product per year (21 per cent of world

production). Each of these five countries on three continents has influence in their respective regions in particular and in the world.

BRICS members are characterised as the most rapidly developing major economies of the world. Possession of a large number of important resources for the global economy provides an advantageous position for the states. The main common feature is that they are all developing countries with growing economies and influence, and they all strive for a free and more equitable agreement on global leadership in which they and others will play an important role.

It should be noted that analysts of Goldman Sachs did not assume the existence of economic policy coordination between the BRIC countries, especially since it was not assumed that the BRIC countries would form an economic bloc. But over time there were signs that the four BRIC countries were seeking to form a political club or formation to convert their growing economic power into greater geopolitical influence. The first summit at the foreign ministers' level was held in 2008 in Ekaterinburg, Russia, as well as the first summit of leaders of BRIC countries in 2009, in 2010 in Brasilia, in 2011 in Sanya and in 2012 in New Delhi.

Acceptance of South Africa in this group reflected the fact that in recent years there has been increasing global attention to the problems of Africa. South Africa's new economic policy is based on the experience of those countries that were able to maintain GDP growth above seven per cent per year for two decades, such as Brazil, China, Hong Kong, Singapore, Taiwan, Indonesia, South Korea and others. 'New economic policy growth in South Africa needs to create the country's 5 million new jobs and reduce unemployment from the current 25 per cent to 15 per cent by 2020', said South Africa's Minister of Economic Development, Ebrahim Patel.

The African continent is of particular importance in connection with the sprawling economic problems of the world. Africa becomes a zone of strategic interests of new poles of power. Thus the interaction of BRICS, both individually and as an association with African countries, is an important aspect of foreign policy activity. Thus too, in the last decade, there has been a surge of economic activity in China and India, and Brazil in the continent. It should be noted that South Africa is the largest supplier of mineral raw materials to developed countries and has significant scientific and technical potential. South Africa is regarded as a gate to the continent. The involvement of this country in a 'club' is a confirmation of the importance of the African component in the modern system of international relations in general, and to Russia in particular. Although Russia was not the state to introduce the 'S' to the BRIC in 2009, it fully supported South Africa's accession to the forum in 2011. The entry of South Africa into BRICS allows the country to raise its international status and increase the role of so-called



'powers' in the emerging new world order, as well as to strengthen its position as a representative of the African continent and possibly increase the inflow of foreign investment into the country.

Russia's Deputy Foreign Minister Sergei Ryabkov argues that BRICS is not a mechanism of global governance because right now 80 per cent of issues pertain to the economic agenda and only 20 per cent to foreign policy:

The main global forum for coordinating approaches to economics is the G20, while BRICS works within that group, as it were. Incidentally, unlike in BRICS, the ratio in the G8 today is the reverse: 80 per cent of the issues on its agenda relate to politics and 20 per cent to economics. I don't think we will ever come to see BRICS in 'utilitarian' terms. At the same time, its member countries have increasingly shared interests. The BRICS Declaration adopted in New Delhi shows that the group has come a long way since the previous summit a year ago. There is no longer a certain sense of wariness on the part of some members of the group concerning the development trends and outlook for BRICS. They have already become an integral part of the agenda and the work of all member state governments.<sup>6</sup>

Nevertheless, the political and economic significance of BRICS to Russia is reinforced by the active participation of its members both in the authoritative international organisations, such as the UN, WTO, IMF and the World Bank, and leading informal associations, including the Non-Aligned Movement, Group of 77, G-20, APEC and G-8, as well as in regional organisations in Europe, Asia, Africa and Latin America. That creates objective opportunities for the 'co-participation' with other countries in building a fair polycentric world, for exerting a systemic influence on decision-making processes in a wide range of structures - from global to regional; from well-established to relatively new.

The innovative character of BRICS, if reflected in practical actions of the association, can change perceptions of world realities that traditionally emphasise inter-state disputes and conflicts, and can contribute to the harmonisation of international relations. Common strategic interests that had brought BRICS states together even before the formal association was established may further prevail over their disagreements on certain issues. These strategic interests require endeavours to strengthen the UN and the world order based on the rule of law in international relations, reformation of the international financial and economic architecture in the context of new developments in the world economy, enhancement of international security on the basis of respect for the sovereign equality of states and strict observance of the principles and norms of international law.

Experts and practitioners often regard BRICS as a political forum, though its agenda is dominated by economic and financial issues, including the task of providing balanced global growth and problems of reforming the international financial system. This is due to the fact that the BRICS member states coordinate their positions on the ways of overcoming crises, which is the mandate of G20. For participating countries BRICS is one of the platforms for dialogue and cooperation in economic, financial and development spheres. Among other goals set by the BRICS countries are a gradual strengthening of positions, ensuring equity with traditional centres of power in managing global economy and global finance and closer interaction with international financial and economic organisations. That is why the coordination of positions in G20, IMF and the World Bank remains pivotal for cooperation. However, the evolution of BRICS into another key element of the global governance system requires the elaboration of a positive and long-term agenda that aims at creating global public goods.<sup>7</sup> Russia will use its G20 presidency to strengthen the BRICS position in the world financial order.

The appearance of the G20 in the new light spoke effectively to the need for a different global steering group to incorporate all the world's powerful players as responsible managers of the world order as stakeholders, not only rule takers. In prospect, the G20 proposed the best crossover point between legitimacy, efficiency and effectiveness. Its purpose is to steer policy consensus and coordination, and to mobilise the requisite political will to drive modernisation and address global challenges while driving the shifting of global currents of power, wealth and influence. But in order to be legitimate it still must function with and not independently of or against the system of the United Nations.

Unfortunately, what commenced as a grand institutional innovation with the first G20 leaders' summit in 2008 has become the victim of aimless meandering and a rhetorical action gap where photo opportunities have replaced constructive world leadership. The body's identity has been diluted and its effectiveness put under question. Therefore, the real challenge is how to sustain the optimal attributes of the existing points of global governance while shedding their pathologies. One opportunity is to formulate and effectuate either the G20 or the United Nations as a hub of networked global governance.<sup>8</sup>

Russia presented the Outreach Strategy of its G20 Presidency in February 2013. The document emphasises that Russia will promote an extensive outreach dialogue to enhance the legitimacy and efficiency of the G20 processes. In this regard, the Russian Presidency will reach out to different partners including non-G20 countries, other multi-lateral fora, international organisations, the private sector, labour unions, future leaders,

think tanks and academia, non-governmental organisations and other relevant actors of civil society.

The Russian Presidency's Outreach Strategy is aimed at ensuring that the G20 decisions carry the consent of and have the desired impact on all social spheres, enhancing the public benefit worldwide. Therefore, the core principle of the Russian Presidency's Outreach Strategy is to allow that proposals from all the mentioned groups of external stakeholders be carefully studied, discussed and transmitted to the G20 decision-making level.

The strategy indicates non-member countries and international organisations that Russia has decided to invite to the G20 St. Petersburg Summit – Spain, Ethiopia, Senegal, Kazakhstan, Brunei, Darussalam and Singapore.<sup>9</sup>

Demand for a multi-lateral diplomacy and the collaborative leadership of most influential countries strongly increases in the world when there is a need to solve urgent challenges and answer common threats and problems. Recent developments, such as the unrest in the global economy, only demonstrates the ineffectiveness of existing organs to monopolise global governance and address all the issues from a single centre. In a world increasingly aware of the need for the de-ideologisation of international affairs, it is needed to form a positive image and strengthen the legal fundament of international ambience.

An important contribution to solve these problems is made by the new powers of economic growth and political influence, which include Brazil, Russia, South Africa, India and China. The very fact of their appearance already has a stabilising effect on the situation in the world. The US and the European Union have recognised their relative economic importance, forcing them to reformulate their role and the role of the global community in the new world economic order.

Multi-polarity is the achievement of global reality from this shift in economic influence. It provides great opportunities, but it is a giant challenge for all players in the international arena, especially for those countries that claim their right to be powers of a multi-polar system. By itself, multi-polarity is not yet an automatic benefit. It carries a considerable risk, in particular, the threat of instability of the global system and chaotic competition on all sides.

To escape this, there must be a new effective system of international organs created. A polycentric world is one with a high level of uncertainty and therefore with higher risks. Potentially, the BRICS format can diminish this uncertainty. Emerging economies – China, Russia, South Africa, Brazil and India – have become a political reality. They have clearly stated that the current international order does not answer the realities of the 21<sup>st</sup> century, and proposed to build a new world structure based on international law and collaboration. The formation of the BRICS represents an expression of

common political will amongst different states, aiming to ensure that the modernisation of the world order is fashioned towards true democracy.

It can be expected that BRICS member states aim at its gradual transformation from a non-formal dialogue forum and an instrument to coordinate positions on a limited number of issues into a full-scale mechanism for strategic and ongoing interaction on key issues of world politics and economy. At the same time it is clearly evident that it is undesirable to artificially spur the expansion and institutionalisation processes. Thus the priority should be given to providing a solid operational foundation to the association.

One can assume that even while BRICS will continue to make the right steps towards providing an alternative to the current global system, its short to medium term agenda will continue to be dominated by shared domestic priorities and their interplay with global governance frameworks. Taking into the account the aspirations of each of the BRICS for expanded geopolitical influence, member states are operating outside the BRICS ambit, and will continue to do so. Brazil has waddled into issues in far off Middle East while China has embraced Latin America, as a single point alternative to the US. As emerging states, they are situated uniquely, being both competitors and partners at the same time. For instance, India has been romancing Japan and the US as counterbalance to China in the political play, while Brazilian policy makers are responding to China's increasing foothold in Latin America by establishing closer economic and political collaboration with regional states, a move away from their traditional Eurocentricity.

At the same time, on the more substantive issues such as climate change, Doha rounds and WTO which hold real potential to influence the life and times of their citizens, they have functioned as a cohesive unit, even compromising stated national positions, in the finest spirit of give and take. Their development emphasis notwithstanding, BRICS' agency remains sufficiently reflective of global commons, and their interactions are witnessing an increasing play of heavy political content. The BRICS have taken firm and independent positions, on the Israel–Arab conflict, Iran and Syria, broader issues of sanctions, transnational interventions and the UN system that governs peace and stability. However, the BRICS are unlikely to morph into a security bloc or alliance, and neither are they likely to be anti-Western in their orientation. Yet, together they have shown the ability to stand up and take an effective position against irrational acts stemming from whimsical or partisan objectives that hold the potential to disturb global stability. That will be the moral space BRICS will seek to occupy in global political consciousness.<sup>10</sup>

For example, the Russian Federation is one of the many non-member economies with which the OECD has working relationships in addition to

its member countries. The OECD has been cooperating with the Russian Federation since 1992; in 1996, Russia made an official request for OECD membership. In 1997, the OECD countries formally acknowledged that the accession of the Russian Federation as a full member of the OECD was a shared ultimate goal of their cooperation. The OECD Council at ministerial level adopted a resolution on 16 May 2007 to open discussions with the Russian Federation for its membership of the organisation. On 30 November 2007, the OECD Council approved the 'roadmap to accession' for the Russian Federation.

The world has entered a new period of change in the geopolitical balance. In retrospect, such changes have often occurred in war and blood; today we witness a chance for a peaceful, civilised rise of the developing countries, and with them the world's poorest countries.

## THE RUSSIAN PERSPECTIVE ON GLOBAL GOVERNANCE

It was in response to the perceived failure of the post-Cold War multi-lateralism that Russian leadership begun to run the return to principles of multipolarity. Presidential advisor Sergei Stankevich and the then Chief of Foreign Intelligence Yevgeni Primakov promoted the concept of Russia as a distinctly Eurasianist great power. Although the concept was hardly new, to many Russians it had the virtue of reinvigorating familiar traditional parallels, such as victory over the Nazis, which was a source of national pride. Primakov's appointment as the foreign minister signified a different foreign policy. The key priorities included ameliorating relations with non-Western states and integrating the former Soviet region under tighter control of Moscow. Aware of Russia's weakness, Eurasianists worried about becoming dependent on the strongest and wanted to pursue 'multi-vector' policies, aiming to contain what they saw as Russia's civilisational uniqueness and develop more balanced links with the West. They also worried about Russia unequivocally siding with Europe or the US at the expense of relationships with key Eurasian states, such as China, India and the Islamic world. Such thinking was accordingly reflected in official documents. The country's National Security Concept of 1997 identified Russia as an 'influential European and Asian power' and it recommended that Russia maintain equal distancing in relations with the 'global European and Asian economic and political actors.'<sup>11</sup> Multi-lateralism again yielded to multipolarity.

Even while disappointed with the West's perceived scarce desire to include Russia in its international mechanisms, Moscow continued to operate on strengthening its role in global governance. In July 1992, it achieved

membership of the G-7, despite the opposition of Britain and Germany. It continued with an ambitious agenda for developing an economic union and a collective security pact with the former Soviet republics. Despite growing resentment toward NATO, it did not break its relations with the alliance. For example, in May 1997 Primakov negotiated a document entitled the 'Founding Act on Mutual Relations, Cooperation and Security between Russia and NATO,' which he saw as a quasi-institutionalisation of ties with the alliance. It also became a founding member of the Shanghai Cooperation Organisation (SCO), which emerged out of a 1997 Russia–China treaty on the reduction of border troops and which then included China, Kazakhstan, Tajikistan and Kyrgyzstan. The organisation became efficient after September 11 mainly to resolve the issues of terrorism and the security vacuum in Central Asia.

The second opportunity to promote a more multi-lateral rather than multipolar world came after the September 11 terrorist attacks on the United States. Although President Putin was wary of the US policies and was tempted to continue with Primakov's policies of building a multipolar world, Putin set Russia's national agenda on the path of economic modernisation and security from terrorism. He sought to engage the Western states with common international projects and security deals. This strategy is best understood as one of a 'normal great power'.<sup>12</sup> It pursues the normal objective of moving further away from Soviet-style isolationism and also turning Russia into a fully-fledged member of the international structures. Yet the strategy also recognised that Russia could not join the international community at the expense of its sovereignty and the great power attributed to it by its material and human capabilities, territorial size and political reputation in the world. In this philosophy, 'great power' status is thus not a goal by itself but rather a necessary arrangement for Russia's internal stability and more advanced involvement with the world.

The approach has modified in response to the United States' global regime-change strategy which Moscow viewed as a threat to its stability and its area of foreign policy interests. In addition to its desire to capitalise on its energy competitiveness and break into Western economic markets, Russia no longer views the old methods of preserving stability and security as sufficient. While maintaining an essentially defensive security posture, it believes that a more assertive strategy provides a better defence of national interests.<sup>13</sup>

Russia's foreign policy priorities are based on the principles of global democratisation. They are against hegemony and power politics, and in support of peace and mutual development and the provision of global and regional security. Russia believes that international conflicts of any nature should be settled through dialogue based on mutual trust and benefit,

equality and cooperation. The most important principle is the primacy of international law, equality and independence of states. Another is the right to be understood not only as a legal entity but also as a moral, just and democratic entity of international cooperation.

Russia's new foreign policy concept (February 2013) replaces the last foreign policy concept, which was presented in 2008. According to Putin, Russia is interested in creating a favourable environment in which to achieve internal development and address social and economic challenges. The basic principles of Russian foreign policy remain the same. The concept focuses on modern foreign policy tools, including economic diplomacy, elements of so-called soft power and careful integration into the global informational space. In Putin's words, 'that means, above all, openness, predictability, pragmatism, and the pursuit of national interests without any confrontations in accordance with the role of the United Nations and the rule of international law'.<sup>14</sup>

The new concept takes into account the global changes that have occurred in recent years, in particularly the global financial crisis, the Arab Spring and its aftermath and the ever-increasing globalisation. The introduction of the concept of soft power stands out in the new foreign policy formula; in actual fact however, it is a projection of one's own identity onto other countries and the rest of the world.

Many have interpreted the Kremlin's international assertiveness as an indicator of Russia's departure from the West and a vindication of their old fears about Russia's hegemonic ambitions.<sup>15</sup> Such a view disregards the fact that Russia sought to expand its participation in Western institutions but instead had to put up with the war in the Balkans, two rounds of NATO expansion, the US withdrawal from the ABM treaty, US military presence in Central Asia, the invasion of Iraq and plans to deploy elements of nuclear missile defence in Eastern Europe. In the light of these developments, viewing Putin as a challenger to existing international institutions can hardly be taken as a cogent analysis. While moving towards a multipolar world, Russia stayed open to the further development of multi-lateral institutions if such development were to be supported by the West. Russian officials recognised the vital need of foreign investment, particularly from Western nations, for continuing high economic growth, and the Kremlin insisted on expediting the country's entrance to the WTO.<sup>16</sup>

For Russia, its sphere of interest lies in the post-Soviet space as well as in the European Union. Russia is a member of G8, even though there are economic zones in which it is not fully engaged, while China, India and Brazil are only invited to the summits for some of their activities.



## CONCLUSION

The complex world of the 21<sup>st</sup> century demands new, creative approaches, and the search for these approaches is possible only from different perspectives. Brazil, Russia, South Africa, India and China are, in this sense, the ideal group; BRICS has all the standard views of the world, the world's problems and their solutions. BRICS is a compact model of the modern world, and it offers an excellent opportunity to develop a common view of the world's problems and acceptable solutions. As an active member of BRICS and a member of many other international institutions, Russia is faced with the normative challenges of global governance.

In today's world largely shaped by financial instability and weak growth in major economies, the BRICS countries have an evident opportunity to formulate their joint policies and diplomatic strategies not only to enhance their position as a body in the international economic, political and financial system but also to be a stabilising factor for the world order as a whole. The growing role of the BRICS is demonstrated by the rapid recovery of these economies from the global financial crisis, which shows that optimal global policy making cannot be undertaken without including the BRICS at the highest levels of decision making. The BRICS should increasingly find a common base for formulation of their policies with a view to sustaining the capacity to weather global turbulence. The benefit of cooperation is immense not only for the BRICS but also for global governance in regard to the constant normative challenges.

Russia's intentions and policies have been frequently misinterpreted in the West, and the complex dialectic of multipolarity/multi-lateralism has often eluded the attention of scholars, theorists and policy analysts.

The existing balance of the global system has not completely exhausted itself. In the BRICS countries, policy changes are needed to address both domestic and external problems. However, it is evident that following the path of modernisation and the improvement of these mechanisms is needed as an answer to the changes in the world. Russia stands for maximising the role of the UN and improving its mechanisms. Russia prioritises the inviolability of the principles of international law.

The idea of an informal collective leadership of leading countries of the world gains increasingly more disciples. Although institutional development is still a long way off, the common challenge that the BRICS economies face is the need for this, for without it sustainable growth cannot be achieved. BRICS meets the definition of an informal body that can work in different formats and it does not counterbalance the existing international organs.



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## Placing BRICS in the Hierarchies and Power of the Modern World: A View from Russia

*Leonid Fituni and Irina Abramova*

The modern concept of world governance is inextricably linked with the problematics of globalisation. The latter, throughout the last quarter of the 20<sup>th</sup> century, remained predominantly a financial and economic process. The then emerging political and institutional dimensions of globalisation were, *prima facie*, still business and finance related. They manifested themselves in the increased freedom of capital flows, integration of financial markets, closer economic and industrial cooperation and removal of trade barriers, etc. The hierarchies and power contours within a globalised world system have been also forming along the same lines. They were both a by-product of and a necessary condition for the development of a globally integrated system of international division of labour and foreign investment, as well as for the formation of a unified, interconnected global financial and economic system.

Three major international developments have altered the course of global Post-Cold war dynamics in the New Millennium: (a) the consequences of US military interventions in Iraq and Afghanistan, (b) the protracted international financial and economic crisis, and (c) the emergence of BRICS as an alternative intercontinental political and economic force of global importance.

The first development has demonstrated the vainness of unilateralism in the contemporary world. The second has cast doubts on the soundness of neo-liberal market policies, deregulation and diminution of the economic role of the state. The third has reflected an objective trend in the global development, the one towards the formation of a polycentric system of international relations, which is increasingly characterised by the use of non-institutionalised mechanisms of global governance, network-based diplomacy, and the growing economic interdependence of states.

All three developments signalled the decline of the post-Cold war American hegemony and the collapse of a 'unipolar' world model,

characteristic to the 1990s. A new world system is under formation, in which large developing countries and new actors, including non-state and non-structured ones, gradually assume important roles and influence. 'Old players', mainly recognised world powers and other developed nations, are compelled to cede some of their positions in favour of multi-lateral decision making and collective actions. They also have to expand some of their 'closed clubs' of global governance to accommodate a few 'new members'.

The world order that emerged by the end of the first decade of the current millennium is polycentric and multi-level. But this polycentric world lies on a shaky foundation – the remnants of a unipolar construction of power relations and obsolete hierarchies of the previous century. In the eyes of developing countries, the existing system of global governance in many spheres, starting from international finance to conflict resolution, has been increasingly biased and unrepresentative. The existing mechanisms fail to address contemporary economic, political, demographic and cultural challenges. The hierarchies that were inherited from the short-lived period of unipolarity impede the rise of powerful new actors from among the developing countries.

Until very recently, the effective governance of the global system was a prerogative of a select group of world powers. Such lack of democratic alternative within the post-Cold war world system has been on occasions detrimental to international peace and security. From time to time, the lack of democratic alternative allowed the privileged parties to circumvent or manipulate international law and to selfishly implant protracted conflicts and instability under the guise of humanitarian intervention and/or peace enforcement.

## THE CONCEPT OF MGED

However, it would be wrong to explain the ongoing transformation of the world order and the shifts in the hierarchies of international relations exclusively by fading U.S. hegemony and leadership. In an equal manner, the decline of the 'unipolar world' results from the rise of alternative centres of global power. The emergence of new powers, particularly China, India, Brazil, Russia and South Africa (but also of several other dynamic and rapidly growing actors in Africa, Asia and Latin America), is an objective process, which stems from the transformation of the current model of global economic development (MGED).

MGED can be defined as a definite arrangement of 'stable and repetitive international paradigms of social and economic relations of production, exchange, distribution and consumption in the world, which exist at a given

historical stage of development of mankind and reflect a concrete balance of forces in the global economy under a given level and type of technological and economic development.’<sup>1</sup> MGED has a life cycle of its own. They are born (formed), expand, mature, decline and die (give way to new ones). Each MGED is governed by its own specific set of relations of dominance and subjugation, cooperation and competition. It establishes its own rules of the game and mechanisms of power. A change of MGED is accompanied by shifts in the world balance of power, by shake-ups of hierarchies, and by global governance reforms. Each period of transition from one MGED to another is usually accompanied by increase in contradictions, instability and conflict, since the old declining powers struggle to preserve their privileged positions in the existing governance systems and transpose into a new nascent system, while the new rising powers vie to acquire a bigger share of the limited global resources needed for their development and expansion and create a set of rules for a new system that is optimal to the ‘newcomers’.

Within the period of the last 150 to 200 years (from approximately the first third of the 19<sup>th</sup> century to date), one can clearly isolate and identify qualitatively specific periods of global development, which produced individual MGEDs: (1) the period of mature industrial capitalism and formation of colonial empires (approximately until the end of the 19<sup>th</sup> century); (2) the period of fierce imperialist rivalry (beginning of the 20<sup>th</sup> century until the end of the Second World War); (3) the Cold War period (roughly, until the incorporation of Eastern Europe into EU; (4) the current stage of formation of a polycentric world system.

The new MGED under formation in the 21<sup>st</sup> century is characterised by an increased global influence of large and populous developing countries, whose economies develop at a significantly higher pace than the world in general. This higher pace of development has allowed some of the nations to narrow the gap in the size of GDP, and the standard of living between them and the advanced economies of the world. A few rising nations have outrun some of OECD members in a number of respects, including the value of their industrial production, their share in global trade, percentage of high-tech goods in their exports and the number of new international patents issued, etc.

However, despite all these achievements the real say, even of those successful countries in the global governance, remains limited. Furthermore, rich nations with smaller economies, declining populations, inferior economic performance and increasing social problems continue to cling to the levers of the old power mechanisms and to restrict, either willingly or unconsciously, possibilities for further development and growth of the new rising actors.

## QUASI-FEUDAL HIERARCHIES

The established hierarchies within the world system stultify the process of renewal. Despite expectations, since the fall of the bi-polar world system, the dominant structures of global governance have remained intrinsically quasi-feudal. At the top of the power pyramid stands a post-modern monarch – The Global Leader-nation. A select group of ‘advanced nations’ (IMF terminology) are modern analogues of his vassals. They play the equivalent of the Nobles of the Middle Ages. Vassals are granted the right to lord over freemen and serfs (middle-income and poor countries): to exploit them economically, to judge over them and to punish the disobedient. In exchange, the vassals have to fight for the King, under his device and for his creed. Developing further the analogy with the feudal hierarchy, we can even differentiate the Nobles, too. One can easily guess which nations in the post-Cold War system of governance correspond to Barons, and which to Knights, or even identify who is the First Prince of the Blood among the aristocrats.

Similar to feudal nobles, some nations of the modern world have usurped certain ‘natural rights’ and privileges, which they allege are appropriate to their status in the pyramid of power, including the rights to judge and to punish, while the exploited members of the quasi-feudal world system are left with the obligation to provide for the needs of their masters and to obey their rulings. In theory, Nobles can be judged too, and even some time reprimanded, but only by the King alone.

The proponents of the existing quasi-feudal power system argue that international law has traditionally been regarded as a horizontal system of legal norms. Moreover, the function of the judiciary in the international legal order, which lacks a centralised system of enforcement, is limited in comparison to the domestic level. Not only does this imply that the enforcement of international law remains a decentralised process but also that the international legal order lacks a judicial mechanism for consistent interpretation and resolution of norm conflicts.<sup>2</sup> Thus, the only workable solution is to preserve the principles of the existing system either by leaving it intact or by entrusting the execution of justice into the hands of a supranational actor, whose legitimacy rests on the implementation of the normative rules created by the King and his vassals.

Traces of quasi-feudal allegiances persist in the existing system of global governance, inherited from the 20<sup>th</sup> century. Those are especially evident when one looks into the work of those institutes of global governance which have been created at the peak of unipolar disbalances. Such institutions have been entrusted with unprecedented and unchecked supra-national powers. One such case is arguably presented by the International



Criminal Court (ICC), a permanent fully functioning official supranational institution of global governance.

As of 13 March 2013, the ICC publicly indicted 30 people. All of the cases currently open are in Africa, while all Americans are exempt from prosecution. Some of the 'freemen' (China, India, Pakistan, Indonesia, Turkey, and some others) seem determined not to submit to the jurisdiction of the ICC, but their nationals are not fully guaranteed against arbitrary actions of the 'lords'. Thus, the ICC has issued an arrest warrant against Sudanese President Omar al-Bashir – the first against a serving head of state, though Sudan is not a signatory to the court (like the USA and Israel, against whose nationals no action is taken). The mysterious repetitive coincidences in the geography of ICC justice have prompted some African leaders to say it is biased.<sup>3</sup> The African Union has instructed members not to carry out the ICC arrest warrant while it conducts its own investigation, thus attesting that even quasi-feudal regimes are prone to 'peasant uprisings' from time to time.<sup>4</sup>

The emergence of BRICS as a non-antagonistic alternative to the old core of global 'decision makers' has profoundly influenced many aspects of the current system of international relations seriously undermining its quasi-feudal component. The advent of BRICS as a new political and economic power of global importance has become a factor and a force of democratisation of the existing system of international relations.

## DEMOCRATISATION OF THE WORLD SYSTEM

Russia, China, India, Brazil and South Africa had been important elements of the existing system of world governance long before they consolidated their forces in the BRICS forum. Suffice it to say that Russia and China have been permanent members of the UN Security Council since its foundation and as such have possessed the right of veto, an exclusive attribute of global power assigned to only five of 193 members of the world community.

The political influence of BRICS stems from the fact that the participating states are reputable members of leading international organisations and entities, such as the UN, G20, G8, the Non-Aligned Movement and the Group of 77, etc., as well as regional associations (the Commonwealth of Independent States, the Collective Security Treaty Organisation, the Eurasian Economic Community and the Customs Union – for the Russian Federation; the Shanghai Cooperation Organisation and the Asia-Pacific Economic Cooperation – for the Russian Federation and China; the Union of South American Nations, the South American Common Market and the Community of Latin American and Caribbean States – for Brazil; the African



Union and the South African Development Community – for South Africa; and the South Asia Regional Development Association – for India).<sup>5</sup>

BRICS enjoy a substantial resource for strengthening their positions in global competition and global governance through their outstanding roles as regional superpowers. The important roles that each of the five countries plays respectively in East, Central and South Asia, Eastern Europe, Africa and Latin America inevitably transform into a joint increased global influence and they have additional capacities for delivering global governance. BRICS countries have long established themselves as leaders of regional growth, engines of regional development and catalysts of increased multi-faceted cooperation in their parts of the world.

What kind of global governance evolves under the influence of BRICS? The BRICS states are unanimous in their strong support for universally recognised principles and norms of international law. At least, as seen from Moscow, the now crystallising community of the Federative Republic of Brazil, the Russian Federation, the Republic of India, the People's Republic of China and the Republic of South Africa (BRICS) constitutes a new type of international relationship, which is free from the burden of the cold-war prejudices, neo-colonial vested interests and zero-sum game world-vision. Their cooperation is based on the United Nations (UN) Charter and generally accepted principles and norms of international law, as well as principles agreed upon by the participating states, such as openness, pragmatism, solidarity, non-bloc character and non-aggressive nature with regard to third parties. Ever since their first Summit in the Russian city of Yekaterinburg, Russia (2009), BRICS have declared their commitment to the promotion of international law, multi-lateralism and the central role of the United Nations.

The BRICS members are united in their resolve to contribute positively to global peace, stability, development and cooperation.<sup>6</sup> They reject power politics and infringing on the sovereignty of other states. This principled stand of their governments and peoples determines their vision of the concept of global governance. Their position is reflected in various joint documents and declarations signed by the five emerging nations.

Though the topic of global governance was already in the heart of the very first BRICS Yekaterinburg Summit, in 2009, the term itself was for the first time explicitly mentioned only in the final document of the Brazilian Summit of 2010. In our view, this was, to a large extent, a result of a cautious approach by Moscow and Beijing to terminology historically alien to the Russian/Soviet and Chinese social science and foreign policy lexicon.

However, already the Joint Statement of the 2010 Summit included a separate section entitled '*Common Vision and Global Governance*' that called for transformations in all relevant areas of global governance corresponding

to major and swift changes in the world. BRICS clearly defined its position as a proponent of the multipolar, equitable and democratic world order, based on international law, equality, mutual respect, cooperation, coordinated action and collective decision making of all States.<sup>7</sup> Though today this may sound like a routine description of a universally accepted world-vision, it was not so in 2010, on the peak of a global economic crisis and increased political turbulence and confrontation in many parts of the world.

The Sanya Declaration of the 3<sup>rd</sup> Summit (China, 2011) mentions only the global economic governance, carefully avoiding the use of the word 'governance' in relation to political issues and non-economic international problems. At the same time, it not only was the first declaration in which South Africa figured as part of BRICS, but also which qualified their joint geopolitical role in the world as a certain completed achievement. For the first time, BRICS nations used not the *future*, but the *present perfect* tense to describe their role in the reshaping of the world order, stating that BRICS 'have played an important role in contributing to world peace, security and stability, boosting global economic growth, enhancing multi-lateralism and promoting greater democracy in international relations.'<sup>8</sup>

The Delhi Declaration of the 4<sup>th</sup> Summit (India, 2012) was the most elaborate of all five that took place to date, in tackling various aspects and contexts of participating in the procedures of global governance. Not only did it mention the term more times than any other joint statement before, but it also looked at the issue in a more elaborate way by addressing separately the structure of global governance, its institutions and its reform.<sup>9</sup>

The increasing self-confidence of BRICS as a full-blooded force within the existing system of global governance becomes even more evident after reading the second paragraph of the eThekweni Declaration of the 5<sup>th</sup> BRICS Summit (Durban, 2013), which runs as follows:

We aim at progressively developing BRICS into a full-fledged mechanism of current and long-term coordination on a wide range of key issues of the world economy and politics. The prevailing global governance architecture is regulated by institutions which were conceived in circumstances when the international landscape in all its aspects was characterised by very different challenges and opportunities. As the global economy is being reshaped, we are committed to exploring new models and approaches towards more equitable development and inclusive global growth by emphasising complementarities and building on our respective economic strengths.<sup>10</sup>

Individual members of BRICS, on the whole, have similar positions regarding a vast field of concrete lines and elements of global governance, including the interpretation of the nature of global governance itself.

Nevertheless, despite general agreement to embrace global governance both as a concept and as a policy line in the contemporary system of international relations, individual BRICS members undoubtedly have their unique visions of practicalities, too. The latter have rarely been described in detail by any of the Five. Still, a general picture may be recreated through the analysis of official statements and undertaken actions of at least some of the BRICS members.

## THE RUSSIAN CONCEPT

In this respect, the Russian position is the most transparent. At the beginning of 2013 Moscow made public two important foreign policy documents: a new concept outline of its foreign policy and a special document under the title 'Concept of participation of the Russian Federation in BRICS'.

The new 2013 foreign policy concept runs as follows: 'Russia attaches great importance to ensuring sustainable manageability of global development, which requires collective leadership by the major states of the world, which, in turn, should be representative in geographical and civilisational terms'.<sup>11</sup> This is the first document of a kind: it outlines long-term objectives and mechanisms to achieve them in a particular global institution. BRICS is viewed as a new model for international relations. Work in the BRICS group is one of Russia's foreign policy priorities. Russia seeks to consolidate the BRICS group as a key part of the global governance system in the political, legal, financial and economic spheres. The country's cooperation with the BRICS partners serves also as a guiding element in Moscow's activity within Russia's presidency of the G20. President Putin acknowledged in his official address at the 5<sup>th</sup> BRICS Summit that his BRICS colleagues not only supported Russia's initiatives but also helped 'to develop the substance of the draft decisions for the summit that will take place in St Petersburg in September' [2013, i.e. the G-20 summit].<sup>12</sup>

Within the context of both global governance and intra-BRICS cooperation, Russia attaches particular importance to a greater use of the group's own resources and possibilities. This will allow the achievement of a quality expansion in bilateral trade and economic cooperation, substantially broaden mutual investment and launch big multi-lateral business projects. Russia has put forward proposals to organise cooperation in the mining and processing sectors. The sectors concerned include aviation, the radio-electronics industry, energy machine building, the metals industry, machine-tool building, production and use of mineral resources. The Business Council has been established at Russia's initiative. Our business communities should focus on finding new opportunities for launching

multi-lateral investment projects. Russia's leadership will do everything it can to assist our business communities' work. Moscow supports the idea of getting the scientific community more actively involved in launching innovative projects for the BRICS group.

Russia assumes that collaboration between BRICS participating states in reforming the international financial and monetary system will remain a long-term priority for cooperation within BRICS. Moscow has pledged to pursue the following major goals in this field:

- (a) to contribute to bringing the world economy onto the trajectory of a strong, sustainable and balanced growth;
- (b) to complete the current stage of the International Monetary Fund reform under the terms and conditions agreed upon by the G20 and the Fund;
- (c) to reform the global monetary and financial system in order to create a more representative, stable and predictable international reserve currency system;
- (d) to reduce the risks of destabilisation of currency and stock markets of BRICS countries connected with mass trans-border capital transfers to and from these countries;
- (e) to use the BRICS capacities to strengthen the G20 – the premier forum of international economic cooperation of its participants;
- (f) to augment the role of national currencies in mutual payments between BRICS states and to develop cooperation in the area of financial markets in order to improve the financial stability of BRICS states and their efficient interaction on the basis of international principles and standards;
- (g) to strengthen and improve the mechanism of BRICS states' cooperation in the economic area, which includes: regular meetings of the Ministers of Finance and the Heads of Central Banks; regular meetings of the Sherpas of BRICS States in the G20; expert consultations on current monetary and financial issues relevant to the interests of BRICS States.<sup>13</sup>

The long effort on the part of BRICS members to modernise and improve the existing global financial governance has so far yielded limited results. True, the joint weight of BRICS in the IMF capital has been increased by a few percentage points, but it still remains several times lower than that of the US and EU. This limits the possibilities for the BRICS nations to actively influence the global financial agenda through voting, since the number of a country's votes is pegged by a special formula to its stake in the fund's capital.

It is obvious that the financial governance is not only Russia's concern but also a priority to the whole of BRICS. The parts of the *eThekwinini Declaration* relating to the international finance and trade institutions, primarily of all the International Monetary Fund (IMF) and the World Trade Organization (WTO), contain unprecedented tough and inflexible formulas. Moreover, paragraph 17 of the Declaration unequivocally undermines the legitimacy of the west-dominated and western-leaning financial and commercial hubs of global governance by giving preference to UNCTAD instead:

We reaffirm the United Nations Conference on Trade and Development's (UNCTAD) mandate as the focal point in the UN system dedicated to consider the interrelated issues of trade, investment, finance and technology from a development perspective. UNCTAD's mandate and work are unique and necessary to deal with the challenges of development and growth in the increasingly interdependent global economy. We also reaffirm the importance of strengthening UNCTAD's capacity to deliver on its programmes of consensus building, policy dialogue, research, technical cooperation and capacity building, so that it is better equipped to deliver on its development mandate.<sup>14</sup>

Overall, the financial component of the existent global governance system, which in effect is the main power instrument of the western-centred world order, remains the main object of criticism by BRICS. Three out of 57 paragraphs of the *eThekwinini Declaration* have been fully dedicated to constructive critics of the existing global financial architecture, which is viewed as unrepresentative and inefficient in preventing and curing major international shocks and disbalances.

More direct calls to increase BRICS cooperation within the realm of global governance can be observed in Moscow's call on its partners to develop regular contacts between the BRICS group and the main international and regional organisations, to organise systemic cooperation above all with the United Nations and its specialised agencies. In this context, Mr Putin, when speaking in Durban, proposed to send the summit's final document to the UN Secretary-General and UN General Assembly President as an official document.

Regarding another concern, responses to global threats and challenges, Moscow sees a clear need to consistently develop joint efforts to counter them. The Kremlin is particularly concerned about the threats of terrorism and drugs trafficking. Mr V. Putin proposed holding the first meeting of the heads of BRICS drugs control agencies in June 2013 in Moscow. Russia proposed a number of steps to strengthen the foundations of international information security and use the BRICS countries' potential for launching initiatives in this area.

## SINO-RUSSIAN RELATIONS AND BRICS

Russia pursues a multi-vector foreign policy line and actively expands economic, diplomatic and cultural relations with all members of BRICS. However, the starting positions of this cooperation are uneven. Russia has a rich history and strong potential of intensive and multi-sectoral relations with India and China. As a successor state to the USSR, which was one of the leaders and main supporters of the anti-apartheid struggle, it has a rich but specific experience of political relations with South Africans. The experience of bilateral relations with Brazil is more limited.

The context of Sino-Russian relations is particularly important for enhancing the role of BRICS as a whole in the global governance. Russia and China are two influential members of the international community, they are permanent members of the UN Security Council and they are among the world's largest economies. That is why the strategic partnership between them is of great importance on both a bilateral and global scale.

However, issues of power aspect of relationships in the modern world require a deeper analysis. Some Russian experts allege that BRICS allows China to formally change the traditional approach towards the 'third world' without changing its essence; that is, continuing to be the leader of the developing countries. In the second half of the 20<sup>th</sup> century, China's external policy concentrated on revolutionary change and ideological methods. At the present time, the BRICS format allows official defence of the interests of the large developing countries and opposition to the 'financial domination of the West' and its structures (the World Bank and the IMF). Parallel to that, some of the important long-term tasks, which are reflected in the recent publications of the Chinese media, are being solved: preparation to the break-off with the dollar-based system, 'insurance against financial crises' and others.<sup>15</sup>

Political scientists in Russia assume that for China BRICS becomes a real mechanism of creating a 'non-American world'. But so far, Beijing (as well as Moscow and other capitals of the participant countries) is only exploring optimal ways to make a new mechanism work. In any case, the importance of the BRICS project will grow for all the participants, but especially for China, which more or less stands out among the partners.<sup>16</sup>

The BRICS countries face a choice of either to try to develop their own approaches to global governance and obtain, under them, positions in existing and potential international institutions; or to accept the models developed by other actors without consideration for the interests of the rising developing nations. The third option is to promote greater activity on the part of existing international organisations, above all the UN, the inter-governmental nature of which resolves the problem of legitimising global

governance and in which Russian policy and diplomacy hold firm positions, experience and established informal links. In practice, it will most likely be necessary to combine these three lines, while prioritising the latter.<sup>17</sup>

At the same time, the BRICS countries are not and will not, in the foreseeable future, be prepared to put global governance above their sovereign status, interests and organised functioning as fully independent rising countries. The reason is that the BRICS members, at least separately, but increasingly as a collective entity too, have reached a sufficient level of accepted international legitimacy to be equal partners in global decision making and action taking *en par* with the traditional 'old' leading powers. Global governance itself is now equally based on the mutual legitimacy of 'old' and 'new' players. Its implementation depends on the BRICS members, both directly and through the international organisations whose resources are increasingly provided by the BRICS states. However, the main reason lies in the nature of BRICS states as strong emerging powers. All five members have only recently (re)emerged as free and genuinely independent nations (not in the legal, but in the existential sense), having lived through either decades or centuries of foreign rule, formal or informal. None of these newly empowered, rising developing nations will agree to limit their own sovereignty or to allow supranational bodies (with the participation of different groups of countries) to restrict their possibilities for making decisions and acting in spheres of vital importance to them.

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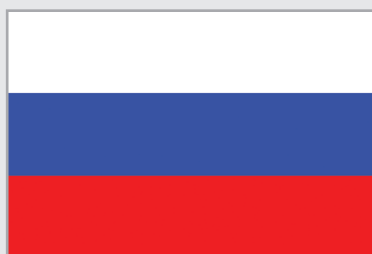


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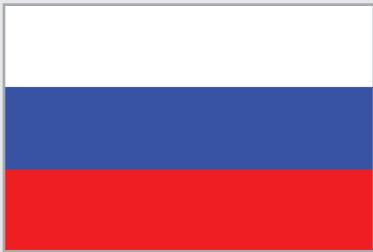
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# THE IBSA TRILATERAL DIMENSION



**BRICS III**







# Theorising BRICS: Institutionalisation and Cooperative Agendas

*Ravni Thakur*

## INTRODUCTION

As BRICS countries move on from another Heads of State Summit, held in India on 29 March 2012, several questions naturally arise with regard to the growing institutionalisation of BRICS. These questions are being asked both within the member countries of BRICS and within the international community. The rest of the world largely views this group as either lacking in substance or as an attempt to project emerging economies as a power bloc that challenges the post-1944 world order. BRICS countries rightly feel that their growing economic clout as markets and manufacturing hubs means that they should have greater say in the global economic architecture. It is also seen as a group dominated by China, which has 75 per cent of the BRICS GDP. This perspective is specifically true of American analysts who have commented on the purpose of BRICS as a grouping. However, though the member countries and the political leadership are seen as enthusiastic, they themselves need to further clarify and put in place concrete mechanisms that further the goals of cooperation amongst them. In order to do that we need to spell out what BRICS means more clearly.

The first part of this chapter is a discussion of questions that the author has been grappling with in her own research. These begin with the nature of BRICS cooperation, briefly examined by what scholars within and outside member countries are saying about this grouping both in terms of public media coverage and in terms of policy statements. In other words, how is BRICS being theorised as a space for possibly coordinated policies and actions in the international arena? What exactly are the aims of BRICS countries vis a vis cooperative engagement? And to what extent does 'national interest' compromise or promote a multi-lateral agenda amongst BRICS countries?

The second part of this chapter will put forward areas where cooperative behaviour and agendas can converge. Although a level of institutionalisation, headed by the MEA's of each country, has evolved due to the annual Heads of State Summit, only the matter of intent is spelt out in the official heads of state pronouncements. Here we see a definite agreement on changing the economic decision-making order of the world and allowing emerging economies more say in international monetary and trade policies. BRICS member countries all agree that their rising and increasingly globalising economies means that they also have greater direct interest in the decision-making processes of international trade and finance. Thus a basic common agenda has been repeatedly stressed at each summit. Little talk of any strategic or military cooperation has emerged.

## THEORISING BRICS

Theorising BRICS means, first and foremost, drawing upon definitions of multi-lateralism within international relations theory and seeing how and if it applies to BRICS. Common goals, principles and institutionalised frameworks are often the hall marks of multi-lateral forums. Within IR theory, it is argued that calls for multi-lateral action in the post Cold War world are the result of a shift in the balance of power, especially economically. The emerging economies are demanding more say in setting the global agenda as their own economies rise. Again, emerging economies see the benefit of working together to further their agenda for a more equitable distribution of decision making at the international level.

Multi-lateralism in an institutionalised form, as differentiated from alliances of the past, has been part of the global agenda since the end of the First World War when the League of Nations was set up. The limits of this early cooperation amongst European powers suffered largely because it remained a Eurocentric world agenda, dominated by colonialism where the rest of the world was concerned. The creation of the United Nations also coincided with the end of colonial domination and the emergence of several new independent countries in the 20<sup>th</sup> century. This in turn allowed the United Nations to emerge as a significant space of multi-lateral cooperation. The Cold War, however, ensured that the two super-powers divided the world into two camps and this division found itself reflected in the resolutions of the United Nations. It is only after the end of the Cold War that we have seen the possibility of genuine multi-lateral cooperation amongst nations. This cooperation has been regional and economic, as in the case of ASEAN, NAFTA and political and economic as is the case of the European Union. Multi-lateral cooperation has also taken on specific issue-based

cooperative actions such as on climate change and human rights. This form of cooperation has been dominated by the NGO sector and these have acted as effective pressure groups on state-led multi-lateral cooperation. This is evident in the case of climate change.

The coming together of the BRICS countries can be understood using Robert Keohane and Joseph Nye's frameworks for understanding the new global order.<sup>1</sup> Their revised work continues to focus on the continuing role of the state in pushing foreign policy despite the emergence of non-state actors such as multinationals, NGOs and democratic politics. This perspective is valid especially for BRICS, where right from the beginning a framework of multi-lateral cooperation has been state led and institutionalised through 'heads of state' summits. Expanding on Keohane's arguments, Caporaso has argued that multi-lateral cooperation is based on three principles that distinguish this form from others. He names them as 'indivisibility,' 'generalised principles of conduct' and 'diffuse reciprocity':

By indivisibility can be thought of as the scope (both geographic and function) over which costs and benefits are spread, generalised principles of conduct usually come in the form of norms exhorting general if not universal modes of relating to other states. Diffuse reciprocity emphasises that actors expect to benefit in the long run and over many issues rather than every time on every issue.<sup>2</sup>

This sharing of interest, where the benefits of each common action may not always accrue equally but may differ from issue to issue, has been the hallmark of why countries continue to engage in such cooperation. The coming together of BRICS countries, while adhering to this principle, is different from other multi-lateral groupings in that it is not a regionally contiguous group and nor is it one based on economic or free trade agreements. Jim O'Neil, the Goldman Sachs researcher who first coined the term, had merely grouped the countries together under the category of emerging economies. The first initiative to push this group into a more binding and cohesive entity was made by Russian Prime Minister Primakov, who invited Brazil to become part of the already informal grouping of Russia India and China. RIC thus became BRIC and now BRICS, after South Africa too became a member. First held in 2009 in Yekaterinburg, Russia, the heads of states meeting of BRICS countries has gathered traction and become an annual event, closely watched by the world.

Several reasons have been attributed to the coming together of BRICS amongst Western scholars. Many arguments give the BRICS grouping a largely economic and not a strategic agenda, arguing that continuing economic growth within a rapidly globalised regime is the main *raison d'être*

for this grouping. *The Economist* put it clearly when in a lead article it stated that BRIC(S) matter because they are large economies.<sup>3</sup> Four of the five countries in this group are trillion dollar economies. Other scholars have echoed this view point, pointing out that much of the BRICS rhetoric is hype generated to encourage investment and trade.<sup>4</sup> Other scholars, such as Pape, have pointed out the 'soft balancing power' of BRICS countries, designed to counter the unilateralism exhibited by the United States (US) after the collapse of the Soviet Union. According to Pape, it is the asymmetry of international relations that has forced middle power countries to come together.<sup>5</sup> Andrew Hurrell echoes this perspective and points out that soft balancing 'does form a very important element of the policies of Russian, India, Brazil and China.' He does not speak specifically of emerging economies, but what he calls 'revisionist states' when he says:

Recognition and respect have been equally central to the demands of revisionist states. ..They have come more often from those states or peoples with the capacity to and political organisation to demand a revision of the established order and of its dominant norms in ways that reflected their own interests, concerns and values. Thus, a central theme of 20<sup>th</sup> century international history was the struggle of revisionist states for *gleichberechtigung* involving the redistribution of regional spheres of influence and the drive for equality of status within international institutions both formal and informal.<sup>6</sup>

Thus, the nineties that saw the collapse of a bipolar world also created the space for the emergence of a more balanced and shared decision-making structure in the world. This period also coincided with the rise of new economies such as the Asian economies of China, India and ASEAN. Latin America, with Argentina and Brazil leading the pack, also showed stable economic growth. All these countries were willing to reach out to each other in order to check the unilateralism exhibited by the USA, especially in Iraq. Russia and China also benefited by alliances to check the USA.

Views from the US point out that the rise of BRICS is certainly going to push for a redistribution of power within the international system and argue that the US will have to follow the progress of BRICS countries as a group seriously in the future. In a previous publication, I have argued that that the US is concerned both with maintaining the status quo and with trying to work within an obviously changing international order as BRICS countries start working jointly on a set of agenda-based issues.<sup>7</sup>

Other scholars have argued that there is no real common agenda amongst the BRICS countries and that contradictions between Russia and China and China and India will ensure that this grouping remains largely a paper tiger, especially with regard to concerted political action in the international



arena.<sup>8</sup> The contradictions and competition between India and China are often highlighted in this regard and attention has been drawn to divergent international goals amongst BRICS countries. At this level, we see greater cooperation between Russia and China than amongst the combined five. This was clearly visible over responses to the situation in Syria and Libya.

A recent article in the *New York Times* also highlighted the lack of substance amongst BRICS countries. As Walter Ladwig said, 'Aside from impressive economic growth over the past decade and an individual desire for a greater say in the institutions of global governance, these countries have little in common'.<sup>9</sup> The range of debates shows that BRICS is being taken seriously despite the obvious differences within and amongst these countries.

Within BRICS countries, the role of China and its intentions has naturally generated the maximum interest. It is the largest economy and the largest trading partner of most countries in the world. It is also seen as the only real challenge to US supremacy. Alistair Ian Johnston, for example, studies whether participation in multi-lateral diplomatic institutions has helped reshape Chinese attitudes and approaches or whether China is engaged only at the level of tactical learning about how to manipulate regional institutions and not in altering or redefining fundamental interests. His extensive historical study of Chinese statecraft has the following to say:

The perceived lessons of thousands of years of Chinese statecraft teach that multi-polarity is both unstable and morally illegitimate in a system that includes Chinese civilisation – the natural and inevitable state of which is to exist as the moral and political hub of the world.<sup>10</sup>

Thus the world as such does not seem to attach too much importance to BRICS and scholars have instead sought to highlight the differences and individual goals of each country. This in fact means that BRICS countries will have to do more if they are really to engage each other in concrete agendas. However, it must be stressed that the BRICS countries too have never emphasised a concerted security or strategic agenda. They too have tried to focus on reform of international institutions rather than a confrontation with these.

## VIEWS FROM WITHIN BRICS

BRICS is a platform for dialogue and cooperation amongst countries that represent 43% of the world's population for the promotion of peace, security

and development in a multi polar, interdependent and increasingly complex globalising world. Coming as we do from Asia, Africa, Europe and Latin America, the transcontinental dimension of our interaction adds to its value and significance.<sup>11</sup>

This paragraph from the joint statement from the Heads of State Summit touches upon how BRICS countries envisage their cooperation. Here the emphasis remains on the importance of multipolarity within an increasingly interdependent world. BRICS emphasises its transcontinental character as the key stone for a new paradigm of engagement, one that passes over geo-civilisational or regional contiguity as its main criteria.

However, within BRICS countries too, greater attention is being paid to BRICS issues. As pointed out earlier, this remains largely a state-led initiative and its goals are clearly reflected in the joint declarations at each summit. The fourth summit, held in Delhi, has once again highlighted the main areas of convergence amongst these disparate countries. The point repeated through all the declarations, starting in Yekatenburg in 2009, is the common desire to open up global financial and economic institutions and give emerging economies more say in the international financial architecture in keeping with their global economic contribution. All the emerging economies have weathered the economic crisis reasonably well as compared to G8 economies. This focus on economy is clearly brought out by the fact that points 6 to 12 deal with the international economic crisis, and advocate the role that BRICS countries can play in improving the economic landscape. To summarise from the leaders' statements over the four summits held so far, the following points of common interest can be clearly identified:

- Restructuring the financial and security architecture of the world
- Emerging economies must have more say in the decision-making bodies such as the IMF and the World Bank
- Cooperation on climate change where the onus of funding rests with the developed world
- Strengthening multi-lateral organisations such as the UN and not carrying out international actions in a unilateral fashion.<sup>12</sup>

These four key points have appeared constantly in all the declarations while each summit has seen new additions to cooperative engagements in different industrial and trade sectors. Each government has also pledged support for greater academic and youth exchange projects. Thus a concerted effort is on to increase awareness of the culture, politics and economies of the five countries. This soft-power engagement can lead to interesting shifts in the way we conceptualise power sharing and international relations.

At the academic and public media levels, the rise of India, China and Brazil has been theorised as a shift in power, and a displacement of the centre away from the West towards Asia and Latin America. Scholars in Brazil, where the Dependency theory of Immanuel Wallerstein and Andre Gunder Frank still holds a lot of traction, both economic and political economy arguments are used to validate this inevitable shift of power. It may be described as the rise of the periphery after five hundred years, or the end of the Vasco da Gama period.<sup>13</sup> BRICS as a group has also had a major positive development in terms of encouraging mutual research.

Brazil has taken the lead here by institutionalising a BRICS Policy Research Institute in Rio de Janeiro which welcomes researchers from BRICS countries. Each country now has scholars looking at common issues of climate change, social inequality and urbanisation, as well as identifying common international issues such as more influence in the economic decision-making institutions of the world. Representative scholars from the concerned countries are now being introduced to each other and having discussions with interest. In Brazil, I found work being done on Amartya Sen and several studies on comparisons between India and China. Sen's cause of ethics in development, for example, is seen as an alternative model of development.<sup>14</sup> There is also a new pride and confidence in that Brazil has been chosen as the country that will provide the engine of growth in Latin America. An association with BRICS allows it to emerge as the gateway to Latin America and central to emerging power discourse in a multi-polar, multi-lateral world order. This is the same feeling amongst policy makers and thinkers in South Africa who point out the advantages South Africa offers as a gateway to the African continent. For all countries, it is an interesting validation of their own regional importance, and the fact that Indonesia and Mexico are keen to join in is proof that this is a prestigious gathering.

While dependency theory and a shift in the balance of power may be the theoretical rationale for BRICS and what it represents in Brazil, India and China seek common ground through use of the discourse of the 'Rise of Asia' and offset it against their joint experience and histories as ancient civilisations, colonised spaces reclaiming their rightful place in the world. Having a shared colonial experience and a shared past, India and China have used the forum to emphasise their cultural commonalities and to minimise differences. Intellectuals in both countries emphasise the virtues of multi-lateralism against unilateralism and some even place it higher than bilateralism. As Juan Deyang says, 'Multi-lateral diplomacy is more rewarding in finding and formulating solutions to global challenges which are transnational in nature'.<sup>15</sup> Indian intellectuals like Prem Shankar Jha echo this praise for BRICS. While commenting on the Delhi Summit, he says:

Today BRICS has become far more than an acronym. The Delhi declaration contains not only the most comprehensive criticism of the failures of the West that has been voiced by any group of countries since the end of the Cold War, but also the outlines on an alternative blue print for managing an interdependent world.<sup>16</sup>

The BRICS forum has emerged as an annual forum where Indian and Chinese heads of state can meet for quiet bilateral talks. Working together in multi-lateral forums is seen as an important means of overcoming bilateral issues to work in cooperation on other issues. This also helps put in place the right atmospherics between the two neighbours. At the public media level, there is increased interest in the BRICS countries and more national media space is being devoted to the BRICS summit. Thus, overall, it can be argued that BRICS is definitely emerging as an important grouping of countries and has the potential to further strengthen its engagements.

## INSTITUTIONALISATION AND THE WAY FORWARD

Like the idea of BRICS countries coming together in a group, the idea for further institutionalising the cooperative agenda amongst BRICS countries has also been pushed by Russia. Russian delegates at BRICS pre-summit think tank meetings raised this issue during the China and the Delhi summits.<sup>17</sup> Russia strongly feels that institutionalisation, especially at the secretariat level, will lend BRICS resolutions and actions greater depth and also serve to consolidate opinion within BRICS. Not all BRICS countries have responded enthusiastically to this suggestion, preferring to go step by step. While Russian scholars argue for setting up a BRICS permanent secretariat, a demand that is being discussed actively, BRICS has managed to institutionalise multi-lateral high level exchanges at sector levels. BRICS trade, for example, has increased substantially and today stands at 230 billion dollars. The Delhi summit has seen greater progress made on this front, especially in once again setting up state-led multi-lateral forums in trade, agriculture and the health sectors.

The new idea that has been favourably viewed by all parties is the setting up of a South-South Development Bank, an idea that was mooted and approved during the recent Delhi Summit. Although a long-term project, this BRICS Development Bank makes its intentions clear as far as the global economic architecture is concerned. BRICS countries are willing to come together to provide collective humanitarian assistance and fund infrastructural development in each other's countries. This is an important step forward for the BRICS countries to really emerge as the lead countries

amongst the emerging economies and leverage their own economic growth and strengths to invest and trade amongst themselves.

At the analytical level, any institutionalisation process can be divided into two sometimes interlinked and sometimes separate mechanisms. These are:

- economic and track II levels and,
- strategic cooperation at the international agenda.

This chapter argues that any institutionalisation should first concern itself with cooperation within the economic and track II domains before raising expectations of cooperation in the international strategic sphere. If we look at the economies of the countries involved in BRICS, we see the possibility of greater engagement at almost every level. As shown by the data in the charts below, BRICS have a larger GDP than the G6 and future prognosis shows a constantly rising share of trade and GDP going to BRICS countries.

**Chart 1**

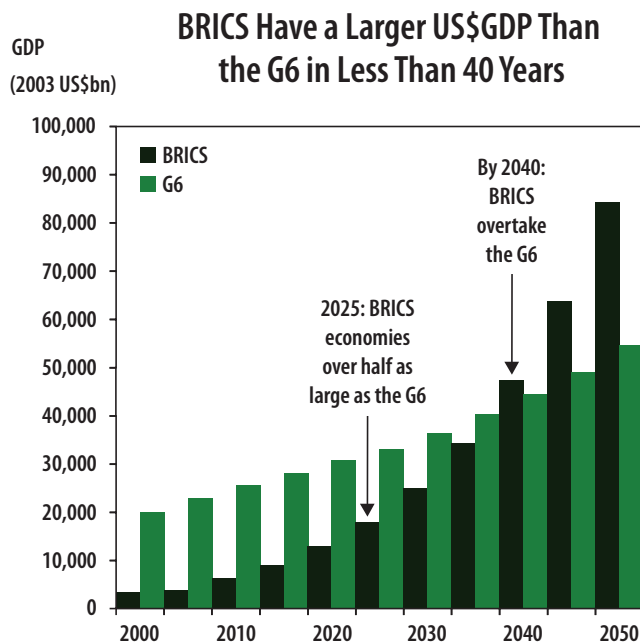


Chart 2

Imports/exports to BRIC countries 2001/9 - (\$ billion)

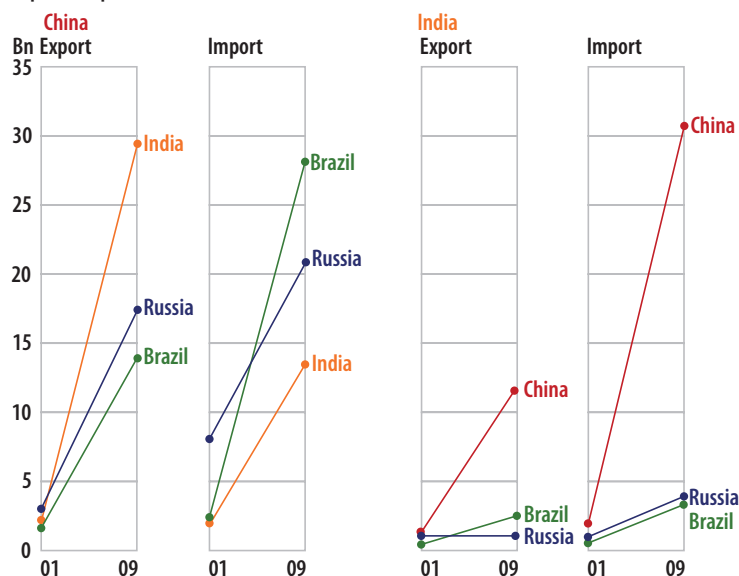
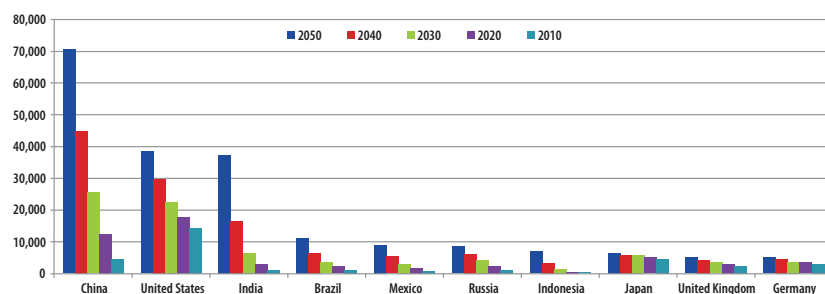


Chart 3



It is at the economic levels that real traction and common interests can be identified. Thus Russia's massive oil reserves can help augment the needs of China and India, both oil-dependent countries. India can leverage its information technology and services sectors, Brazil its agriculture and South Africa its minerals. However, issues of trade imbalances between India and China, as shown in chart 3, mean that greater efforts will have to be made through institutionalised mechanisms for all countries to achieve a genuine sense of 'diffuse reciprocity', as discussed at the beginning of this chapter. Ultimately, each country will have to perceive gain in this cooperation, if not on one issue then at least in another. This is most possible where trade and economic exchanges are concerned.

At the security and strategic levels, several extraneous issues weigh in, making mutual accord more complicated. One of the more important issues remains each individual country's bilateral ties with the rest of the

world and, where India and China are concerned, a continuing trust deficit due to their boundary dispute. Although the Delhi Summit did make a joint statement on the recent Syrian and Iran issues, the statement itself did not go beyond emphasising the need for dialogue to best solve the situation.<sup>18</sup> Within the United Nations, while voting on a Security Council resolution, we found the IBSA block voting together and supporting the efforts of the Peace Mission sent by the Arab league, while Russia and China opposed any intervention.

Another issue that can give rise to differences, where common security and strategic issues are concerned, is perception of this group being an anti-American or anti-Western group. Although the leaders of the respective countries have denied any such intent, the impression is often received that this is an anti-Western, anti-US group. Any talk of a strategic convergence would in fact be translated as such. This perspective again differs amongst the member countries, with Russia and China showing greater cooperation within the international arena than the IBSA block. This can in turn detract from the attempt of BRICS countries to find alternative solutions to international problems.

Bilateral issues and domestic politics within democratic countries can also create set-backs for any convergence on strategic issues. This is especially true for India and China as we have witnessed in the past where both Indian and Chinese media indulged in damaging rhetoric.

Thus, BRICS countries should first concentrate on creating a good working economic and trade relationship amongst each other and even within the G20 rather than wasting energy in attempting to create any institutionalised security architecture. Emphasis must, in the near future, remain on track II, academic and trade exchanges to ensure that unnecessary friction does not arise.

## INDIA AND CHINA IN BRICS

One of the significant achievements of BRICS has been its ability to get India and China to become members of this group. The credit for this must be given to Russia, which first mooted the ideas of a BRICS gathering. The inclusion of China and India within BRICS is a major gesture towards increasing interaction and cooperation between these two countries that have had a history of past conflict. However, despite their joint efforts within BRICS, the continuing trust deficit between India and China means that, especially on strategic issues, the two countries have distinct positions as already mentioned above. This is visible even in terms of the common demand for a restructuring of international institutions such as the Security

Council. Within BRICS, China is the only country that has not endorsed India's active pursuit of a permanent Security Council seat. Similarly, China has not supported India's new nuclear status, endorsed as it is by the NSG. The two countries also have a different agenda on regional issues, such as the continuing border problem that has in recent years actually led to serious misapprehension within both countries.

Thus one could argue that, while India and China cooperate within a broad and rather superficial international agenda, the state of their bilateral ties will continue to influence their willingness to cooperate at a more substantive level. Nevertheless, the annual high-level meeting between the two heads of state on the sidelines of BRICS summits provides an opportunity for the two countries to engage with each other in a conducive atmosphere and creates greater avenues for trust. This growing engagement in multi-lateral forums is also reflected in their improved bilateral ties. Looking for common positions within multi-lateral forums can become an important tool for strengthening confidence and trust in bilateral ties as well. Thus, an expanding agenda for BRICS can also expand the cooperative agenda between China and India.

## CONCLUSION

The Fourth Heads of Summit meeting of BRICS countries held in Delhi in 2012 has proved that a process that began tentatively has today garnered synergy and moved forward sufficiently to put in process the idea of a BRICS Bank. The continued support provided for the idea of a BRICS group of countries from within these countries, and the special role being played by the governments of each country in keeping the momentum going, ensures that BRICS is here to stay as a group of countries willing to work together. This group does represent the principle of diffused reciprocity as presented by Keohane since it is not based on direct or even simple national interest. It is difficult to argue what each country gains by this membership but easy to see how they all gain a greater speaking voice as a group. This is what makes BRICS interesting since it does not represent mere regional interest but actually seeks to create a group with inter-continental reach. Although Russia, India and China do share an Asian identity, the inclusion of Brazil and South Africa gives this group a more international image.

While the demand for a more equitable economic architecture and institutions remains the first point on this common agenda, we are today seeing a process of growing institutionalisation taking place. Gains in trade and common bargaining on trade issues will definitely begin happening. To what extent this group succeeds in evolving a common international



agenda is something that remains to be seen. There is a confidence and a sense of entitlement and right, which one witnesses when intellectuals in BRICS countries speak, of how they envisage the world today and how they envisage a new post Cold War world order. All the countries involved within this grouping, with the exception perhaps of Russia, are countries that previously belonged to the third world and were colonised countries. The post nineties has thus witnessed the emergence of new countries with a different set of aspirations and a different frame work for sharing world problems and decision making. In the final analysis, BRICS is a grouping of emerging economies that seek to provide an alternative agenda for handling this complex interdependent world. Their coming together also ensures that no single country can emerge as a unilateral power in the 21<sup>st</sup> century and that cooperation and multi-lateral solutions are the way forward. This check on unilateralism may well be the biggest contribution of BRICS.

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## Impulses: Trends that will Shape India's World

*Samir Saran, Sunjoy Joshi and Ashok Singh*

**T**he emergence of BRICS has certainly been accompanied by a variety of discussions on its usefulness, cohesiveness, efficacy and purpose. Many commentators and analysts today question the rationale and usefulness of such a group due to the perceived and real difference in approaches of individual members on global governance issues, security policies and their larger external engagements. While many of these commentaries may be ill informed, their assertions should not be dismissed and certainly merit greater analysis and discussion. Such analysis must account for the internal drivers that will shape the behaviour and preferences of a nation across a variety of issues. This is important, as today we find innumerable instances of a nation's external relationships constructed around coincident interests. The world in the 20<sup>th</sup> century, where relationships were based on ideology and geography, has transformed dramatically to one of today, where we see nations gather together around issues and where there are no rigid poles around which nations must choose to align. Accordingly, it is important to understand whether such national preferences could shape complementary and compatible partnerships in the global arena. In this chapter we try to analyse India's contemporary domestic developments, the rapid social transformation (or the lack of) and the growing aspirations that may have significant bearing on its priorities and choices, both internal and external.

For close to half a century, the West blinking through its Cold War lenses acknowledged the presence of countries like India because of their obstinacy about charting an 'independent' course. Simultaneously India's grinding poverty engaged Western institutions in aid philanthropy as a civilisation that yet offered a unique blend of liberalism, mystique and spirituality. At the turn of this century, a new India was discovered. The Malthusian gloom and doom of mathematical progressions did a somersault – the population numbers now represented an ever-growing pool of

educated, English-speaking and technically capable human resources with an unquantifiable economic potential. This was the arrival of 'Confident India', 'Engaging India', and sobriquets for what was in essence 'Consuming India' – its large poverty-stricken population the feeder of an ever-burgeoning middle class. The romance of its unimpeachable democratic credentials made 'Rising India' a potential ally, with the narrative of 'shared values' creating a common ground.

However, at its core, the 'Rising India' or 'Emerging India' narrative rested at best on one word: potential – another name for hope fuelled by the economic aspirations of the West itself – the dream of an ever-growing middle class which, in becoming the nucleus for consumption-led growth, would keep its own assembly lines running unstoppably into the future.

According to the IMF, in the five years from 2005 to 2010, while the euro zone grew by 15 per cent and the US by 16 per cent, India grew at an enviable 67 per cent (after adjusting for purchasing power parity). Consumer spending in developing Asia remained surprisingly resilient during the economic downturn of 2008. The BRICS economies continued to outpace global growth during this period. 2009 saw global GDP shrink for the first time since 1946 – the end of World War II. Amidst this meltdown, emerging economies like China and India stood apart – economic powerhouses refusing to slow down. This exceptional growth became the basis for the narrative of an India whose time had come, and this narrative was eagerly lapped up by a credulous multitude desperate for an awakening into their school textbook dreams about the glory that had been India.

Three years after the global financial crisis – with annual GDP growth rate threatening to slip below six per cent warning levels – the textbooks began to more than fray at the edges. Hope has suddenly given way to despair and, in an orgy of self-flagellation, assessment after assessment has vented frustration and disappointment at a story that petered out in the middle of the script. Policy paralysis, chaotic governance and contradictory priorities within the Union of India now make even the European Union look cohesive and organised.

And yet this very visible political churning must be recognised as an irrevocable deepening of democracy. It must be seen as the expression of an incipient revolt against the thinly disguised feudal patronage system that served to subvert its democratic institutions. This revolt has made 'Argumentative India' even louder as it seeks to contest for and reclaim every inch of economic and political space.

So how does one make sense out of the inevitable cacophony of despair and hope, failure and aspiration, the glittering malls rising in the midst of slums that represent the highest per square inch of misery anywhere in the world? The unmistakable thread through the storyline is the one about the

'others' in India – instructive of the stark realities that continue to co-exist in a country with all its vastness, numbers and diversity as it oscillates between chaotic noise and symphony.

To appreciate the vectors behind these transitions, it is necessary to look beyond simple, straight-line trajectories and tease out the nuances and complexities that characterise India's existence and its emergence. To understand the future of this nation, the current trends and impulses that are shaping it become pointers to where the transition may be headed. What are these trends and impulses? Are they systemic and significant enough to shape India and its interaction within itself and with the world?

This chapter discusses four such significant contemporary Indian impulses, the interplay of which will be the key determinant of the nations' ultimate trajectory. These are (a) India's 'Demographic Trilemma' (b) its model of urbanisation that can best be described as the growth of the 'Village in the City,'<sup>1</sup> (c) the continuing interplay between 'India's Global Aspirations and its Traditional Identities' and (d) the slow but sure metamorphosis of the 'Union of India to the Indian Union'.

Other trends of similar significance and weight such as energy security, water management, food availability and the travails of the agrarian economy, while significant in their own right, tend to get subsumed by and shaped within these larger impulses. External developments, particularly 'black swans', in the region will also shape the India story. However these four remain in a class by themselves. They will determine the way India governs itself and how it responds to the challenges posed by all other constraints and black swans. Like the lumbering elephant, as India often imagines itself, these are organic and slow moving yet carrying the potential to overwhelm anything in their path through the sheer momentum of inertia. They also approach likewise – surely and inexorably, with no warning lights. But they inevitably and irrevocably limit and modify the nation's response framework and accentuate its vulnerabilities.

## THE 'DEMOGRAPHIC TRILEMMA'

India has a population of over 1.2 billion people and this population is expected to continue growing for the next several decades, making India the world's most populous country in the near future (table 1). One of the key facts conditioning India's emergence has been the movement of vast chunks of the population from a level of mere subsistence to a level where they have begun to be recognised as consumers.

**Table 1: India – Projected population over the years 1951 to 2026**

| Year | Population (millions) |
|------|-----------------------|
| 1951 | 361.08                |
| 1961 | 439.24                |
| 1971 | 548.16                |
| 1981 | 683.33                |
| 1991 | 846.43                |
| 2001 | 1 028.74              |
| 2011 | 1 210.21              |
| 2021 | 1 339.74              |
| 2026 | 1 399.83              |

Source: Data points from Government of India, Census Survey 2011, projections from Census 2001

As the developed world confronts the reality of its aging populations, these growing numbers are seen to carry within them the seeds of India's 'emergence'. Indeed India does have a huge and young population with a large pool of technically skilled manpower – by all counts a country well placed to reap the demographic dividend. It also features a population on the move – from rural India into cities. Does this then create the conditions for the emergence of a 'consuming' middle-class India moving from the periphery of the world stage to the centre? Do its growing middle classes automatically create the necessary conditions that could alone trigger high rates of economic growth? How do these in turn translate, if they do, into India participating more actively in the global market place and in the global security arena?

Perhaps the most anticipated and visible aspect of India's population, all too evident in its glittering malls, is the increasing spread (beyond the metros) of its 'middle class' to the tier II and tier III cities. Yet, the associated image of office workers commuting from organised suburbs to their place of work is missing. Such salaried professionals, or the small traders and the small-scale manufacturers that conform to the traditional 'Western' notion of the middle class, populate a very small part of the Indian variant.

The ADB, in its report *'Key Indicators for Asia and the Pacific'*, claims that the sheer size of Asia's middle class presents a huge opportunity for the region and the world.<sup>2</sup> In its calculations the ADB uses a per capita daily consumption of \$2 to 20 a day to define this group. However, calculated

at these earnings of above \$2 per day; the great Indian middle class represents only around four per cent of the country's total population (table 2). Meanwhile, various assessments show a population well over 80 per cent living below this consumption level. It is this huge segment that will need greatest attention from the political leadership as it demands its fair share and opportunities in the coming years. In a manner, this is the potential middle class that the world has already leveraged while scripting the 'emerging India' narrative. And these same colossal numbers that represent despair will occupy much of domestic policy and democratic space as they seek to actually 'emerge' in the future.

**Table 2:** Monthly per capita expenditure (MPCE) more than Rs.3000 per month (or more than approximately 2 USD per day), 2009–2010:

| Sector       | Share (%)in total population earning more than Rs.3000 | As a % of India's population |
|--------------|--------------------------------------------------------|------------------------------|
| rural        | 22.13                                                  | 0.88                         |
| urban        | 77.87                                                  | 3.11                         |
| <b>Total</b> | <b>100</b>                                             | <b>3.99</b>                  |

SOURCE: India Datalabs @ ORF, NSS MPCE

In the last twenty years, around 400 million were added to India's population and the next decade and a half will add another 190 million. Accommodating these additional citizens, providing them even basic infrastructure, services and governance is in itself a daunting task. Even as population growth in real terms decelerates, as evident in the last census, the largest growth will now start occurring in urban centres. Therefore, policies may have to be far more responsive as they will be held to account in cities and large metros going forward. The space for apathy and complacency within governments that allowed them to ignore poverty in remote geographies in rural India in the years gone by is considerably reduced. The challenge is now all-pervasive and occupies urban India. The hitherto ignored will now have a political voice and weight in the politics of big cities and metropolitan power centres.

But within this gargantuan challenge lie three distinct narratives, a 'demographic trilemma', each of which will pose its own sets of demands on government and society and each of which would require certain level of sophisticated engagement as India responds. Its foremost feature is a pronounced youth bulge (table 3).

**Table 3: India's population (%) by age group**

|              | 2004–05    |            |            | 2009–10    |            |            |
|--------------|------------|------------|------------|------------|------------|------------|
| Age group    | Rural      | Urban      | Total      | Rural      | Urban      | Total      |
| 0–5          | 13.50      | 10.26      | 12.68      | 11.42      | 10.12      | 11.07      |
| 6–10         | 13.03      | 9.68       | 12.18      | 12.02      | 9.06       | 11.22      |
| 11–15        | 11.23      | 10.52      | 11.05      | 11.56      | 9.6        | 11.04      |
| 16–20        | 9.71       | 11.11      | 10.06      | 10.75      | 10.64      | 10.72      |
| 21–25        | 8.27       | 9.85       | 8.67       | 8.43       | 9.94       | 8.84       |
| 26–30        | 8.29       | 9.76       | 8.66       | 8.33       | 9.96       | 8.77       |
| 31–35        | 7.05       | 7.79       | 7.24       | 6.62       | 7.66       | 6.9        |
| 36–40        | 6.94       | 7.65       | 7.12       | 7.52       | 8.32       | 7.74       |
| 41–45        | 5.30       | 5.92       | 5.45       | 5.5        | 5.96       | 5.62       |
| 46–50        | 4.71       | 5.03       | 4.79       | 4.83       | 5.25       | 4.95       |
| 51–55        | 3.26       | 3.86       | 3.41       | 3.46       | 3.77       | 3.54       |
| 56–60        | 3.15       | 2.93       | 3.09       | 3.56       | 3.19       | 3.46       |
| above 60     | 5.57       | 5.64       | 5.59       | 5.99       | 6.54       | 6.14       |
| <b>Total</b> | <b>100</b> | <b>100</b> | <b>100</b> | <b>100</b> | <b>100</b> | <b>100</b> |

SOURCE: India Datalabs @ ORF, NSS Population Age Group

Roughly 45 per cent of the Indian population today is under the age of 20. The ability of the existing infrastructure to provide for the education, health and job needs of over half a billion young is being questioned. As of 2009 there were 66 917 higher education secondary schools in India – one for every 8 144 of these youth.<sup>3</sup> Unemployment among youth (defined as those in the labour force between 15 and 24 years of age) is three times that among adults.<sup>4</sup> The Government of India estimates that the decadal population growth rate over 2001–2011 stood at well over 17 per cent compared to around 2.4 per cent for the European Union between 2004 and 2010.<sup>5</sup> The pressures on basic infrastructure are certain to keep getting reinforced.

The paradox is that simultaneously, within the next twenty years, around 275 million Indians will also become senior citizens having very specific and significant needs in terms of old age pensions, healthcare and end of life infrastructure.<sup>6</sup> This group will be comparatively more vulnerable and find itself in a more challenging environment than its counterparts elsewhere in the world as it competes for resources and opportunities, services



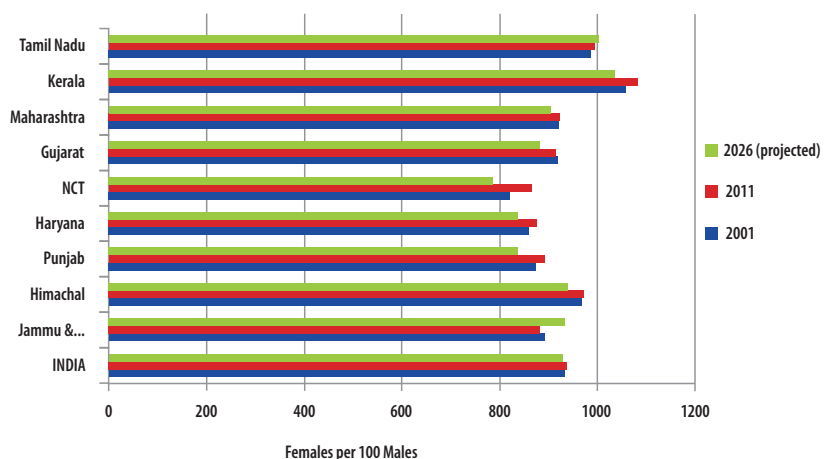
and infrastructure. This is the second narrative that is surely exerting its weight in the demographic changes that country is undergoing. It is also the most neglected aspect and one that is not discussed or debated with the seriousness due to it.

This age binary will mean that the policy environment will have to simultaneously cater to the young as well as the old. This in turn will require strong economic fundamentals predicated upon sufficient tax revenues to cater to the needs of both groups. Already India (after China) ranks second in the world in the absolute number of elderly people above 60 years. However, unlike industrialised nations, which have had several decades to recalibrate their social welfare machinery to cater to the demographic shift, India may not have the luxury of time. Even if (unlike certain advanced economies) India does not immediately face the prospect of one working youth for every two people over 65, the sheer numbers by themselves make the challenge rather prodigious.

The age binary will, over a very short period of time, demand far higher workforce productivity, a concept alien to Indian planners habitually attuned to providing solutions featuring low productivity with high manpower requirements. It will need reorienting the outlook on labour and employment generation towards a market-based human capital formation and resource development approach. This would require far greater integration of manpower policies with long-term education and training needs than what exists within the given policy apparatus in the country. Sociologically, the age binary will have its own implications. A young country governed by the old, with increasingly less space for new thought, will create internal contradictions and frictions.<sup>7</sup> The direct political stake of the youth is likely to be crowded out, and while this in many ways has always been the case in India at the political level, this trend may spill over into the bureaucracy, legislature and civil spaces.

According to the Government of India, the old-age dependency ratio had risen to 13.1% in 2001 from 10.9% in 1961.<sup>8</sup> Even until 2007/08 male literacy in the over-60 age group stood at barely 50% while less than 25% of women were literate. Amongst senior citizens 85% of men and 70% of women required financial support from their children. Furthermore, according to a recent Planning Commission report, 'the problems faced by the females are more critical compared to those of men due to low literacy rate, customary ownership of property by men and the majority of women not being part of the labour force during their prime age with only very few in the organised sector'.<sup>9</sup>

The third and last feature in India's demographic portrait is the country's persistently skewed sex ratio (figure 1 highlights this for some Indian states).

**Figure 1:** Sex ratios in India and its states

SOURCE: census projections 2001 &amp; census 2011

Even as the latest census of 2011 brought some cheer by showing a marginal improvement, counting 940 women for every 1 000 men against just 933 ten years ago, the age group of 0 to 6 showed a disturbingly sharp decline. This does not seem a good portent for the gender balance over the next two decades.<sup>10</sup>

Against expectations, this data also reveals that the more prosperous states such as Maharashtra and Gujarat were amongst the worst performers, with Maharashtra projected to suffer a decline of nearly two per cent and Gujarat by over four per cent by 2026 from 2010 levels.<sup>11</sup> These two states account for over a fifth of Indian GDP.<sup>12</sup> The figures thus belie the traditional wisdom of prosperity favouring a greater ratio of women over men. The Indian experience counter-intuitively shows that sex ratios in urban higher MPCE households are far more skewed in favour of males than in rural lower MPCE households within the same category.<sup>13</sup> Would increasing prosperity therefore lead to urban centres having sex ratios disposed toward higher levels of testosterone? Could this also imply regional policies and positions influenced by increasingly chauvinist rhetoric in political discourses?

Studies of similar demographic trends of skewed ratios in China have suggested 'it would not be unduly alarmist to predict a deficit of peace from the surplus of men'.<sup>14</sup> While it is hard to predict the specific affects on policymaking in the context of India, it is clear that the country needs to prepare for such imminent challenges in the demographic-political social dynamics. In particular, many accounts exist of communal violence directed against urban migrants. This is not a new phenomenon, but it may be amplified by the increases in sheer numbers of males, both among

migrants (naturally so) and in the locality they are migrating to, the prosperous states.

Zainab Banu observed back in 1994, 'if communal violence in India is to be studied scientifically it is essential that in the post-modern period when there has been acceleration of urbanisation and industrialisation, we should fruitfully employ the perspective of migration'.<sup>15</sup> With migration come more males who are then seen as a threat to local populations as they are perceived to steal local jobs as well as women. This can lead to a chauvinistic backlash in which both men and women may participate. Recent examples in India include the anti-migrant backlashes in the state of Maharashtra, which has even sparked reverse migration due to fear of directed violence in instances.<sup>16</sup>

These three narratives of youth, age and gender will exert their own peculiar tug on India's interaction with itself and with others. Chauvinism and accommodation will create their own tensions and states and cities may choose their own responses to these realities. Development pathways, investment in infrastructure, modes of employment generation and attention to education and health will differ across regions. Policy spaces will need to work with these incongruities.

## THE VILLAGE IN THE CITY

The rate of urbanisation in India is today second only to what was witnessed in China over the last two decades. As a concept, urbanisation continues to be understood as migration from rural into urban areas leading to the growth and development of cities. Again India's urbanisation stands in a class by itself. The Census Survey of 2011 marks an inflection point in this great demographic shift when, for the first time since independence, decadal population growth for urban India has exceeded the figure for rural India. The last ten years added 91 million Indians to the urban population against an increase of 90 million for rural India. Estimates suggest that this trend is likely to continue, and that around 44.5 per cent of the total decadal increase in urban population was a result of migration in the previous decade.<sup>17</sup>

In India, the average monthly per capita expenditure in urban centres is nearly two times the monthly per capita expenditure in rural areas (table 4). Obviously the opportunity to earn more is the key driver propelling migration to urban centres. However, far from being a migration that is accommodated (as a result of city planning and nimble policies), the Indian variant becomes little more than the transposition of the village into the city. Most urbanisation actually consists of the in-situ 'urbanisation' of

rural settlements. This takes place through two processes – firstly by their reclassification with increasing population, and secondly by the swallowing up of suburban villages by the expanding needs of towns and cities. In both modes the original villages not only retain their identity and culture in the very heart of a modern city but often come into conflict with its norms.

**Table 4:** India – Rural-Urban distribution of Population with Household Size and MPCE

| Sector       | %age       |               | Average Household Size |             | Average MPCE  |                |
|--------------|------------|---------------|------------------------|-------------|---------------|----------------|
|              | 2004-05    | 2009-10       | 2004-05                | 2009-10     | 2004-05       | 2009-10        |
| Rural        | 74.68      | 72.95         | 4.88                   | 4.68        | 558.80        | 927.7          |
| Urban        | 25.32      | 27.05         | 4.36                   | 4.14        | 1052.35       | 1 785.81       |
| <b>Total</b> | <b>100</b> | <b>100.00</b> | <b>4.74</b>            | <b>4.52</b> | <b>683.75</b> | <b>1 159.8</b> |

SOURCE: India Datalabs @ ORF, NSS Household Size Average MPCE

At another level, since infrastructure and utilities favour city centres, the migration that occurs also tends to gravitate towards these city centres in India. Hence unlike developed countries where urbanisation has come to be associated with the suburban sprawl, the Indian pattern shows an inward drift with migrants moving to slums and shanties close to or even in the city centres where the rural migrant faces the city's Dickensian and darkly inhospitable ground realities. This is accentuated as the rural migrant finds comfort and security in following kith and kin, which eventually leads to the transplanting of the original village in the city. The city then becomes a veritable microcosm of India, which reflects the diversity and contradictions of disparate regions, social groups and classes in a geographically constrained but culturally cosmopolitan space.

As Kundu notes, 'the problems have acquired severity as migrants have shown high selectivity in choosing their destinations (understandably linked with availability of employment and other opportunities), leading to regionally unbalanced urbanisation as also distortions in urban hierarchy'.<sup>18</sup> These distortions in the urban hierarchy<sup>19</sup> are bound to colour the different political discourses that emanate from these urban microcosms of disparate social realities. The consequence, often enough, is the emergence of negative attitudes towards marginalised migrant populations: 'this attitude has got reinforced through growing regionalism, voicing concerns about foreigners interfering in local political process, threatening internal socioeconomic stability, impacting adversely on culture, norms and values etc.'<sup>20</sup>

The disenfranchisement of labour migrants is particularly commonplace and is even witnessed in the most prosperous states. A case study of Gujarat, by the International Organisation for Migration, states that it is often the case that 'geographically scattered, socio-culturally fragmented and economically disenfranchised', labour migrants are 'not recognised as a class or a social category' and that they do not form 'any constituency and therefore are of no concern to political parties'. To illustrate the level of disenfranchisement, the study goes on to state that 'many of the migrants do not have their names on the list of voters where they live' and 'they also fall outside the constituency of the NGOs and, in fact, there are very few NGOs working with such labour migrants'.<sup>21</sup>

Between 2002 and 2007–09 in absolute numbers slums in India decreased by over five per cent.<sup>22</sup> However, the number of people living in slums between 2001 and 2011 increased by over 118 per cent.<sup>23</sup> Thus a far greater population now resides in fewer slums, implying that the 'misery per square foot' of urban space has only increased in such localities. Consequently poorly serviced urban localities, with poor sanitation and civic facilities, co-exist in city centres alongside the financial and business districts. The experience of Brazil shows that this 'in-your-face' inequality at such close quarters easily becomes the breeding ground for urban violence and crime. Such disparities also create new political dynamics where votes and electoral processes are not the only resort for the city (slum) dwellers. Protests, demonstrations, activism and violence can be a viable choice for the large number of disenfranchised population. For instance, it is well documented that the widening of socioeconomic and psychological divisions between slum populations and the rest has often led to commensurate increases in instances of violence and crime in the case of Latin American cities<sup>24</sup> Accommodating these citizens and their needs and expressions within the political spaces and discussions will remain a central challenge for the government and civil society and will shape the content and format of political debate.

## GLOBAL ASPIRATIONS – TRADITIONAL IDENTITIES

With GDP-led growth comes the inexorable move towards increased consumption and the market economy. However, the Indian experience has shown that social inequities and traditional divisions of caste and identity have only got further reinforced. National Household Sample Surveys show that even steady and uninterrupted growth has in many instances served to only strengthen traditional identities.

**Table 5: Average MPCE across Religious Groups in India (Urban)**

|                | 2004-05      |                |                 | 2009-10      |                |                 |
|----------------|--------------|----------------|-----------------|--------------|----------------|-----------------|
| Religion       | % Population | Household Size | Average MPCE    | % Population | Household Size | Average MPCE    |
| Hinduism       | 77.61        | 4.22           | 1 083.17        | 78           | 4              | 1 840.28        |
| Islam          | 16.4         | 5.24           | 7 76.5          | 15.85        | 5              | 1 321.38        |
| Christianity   | 2.39         | 3.83           | 1 352.64        | 2.51         | 3.62           | 2 162.7         |
| Sikhism        | 1.68         | 4.63           | 1 498.82        | 1.61         | 4.54           | 2 319.56        |
| Jainism        | 0.84         | 4.63           | 1 901.39        | 0.82         | 4.85           | 3 450.15        |
| Buddhism       | 0.93         | 4.74           | 880.61          | 0.92         | 4.54           | 1 472.57        |
| Zoroastrianism | 0.05         | 2.63           | 2 883.69        | 0.05         | 2.7            | 4 664.51        |
| others         | 0.09         | 4.38           | 1 179.67        | 0.22         | 4.68           | 2 092.04        |
| <b>Total</b>   | <b>100</b>   | <b>4.36</b>    | <b>1 052.35</b> | <b>100</b>   | <b>4.14</b>    | <b>1 785.81</b> |

SOURCE: India Datalabs @ ORF, Household size, Average MPCE Religious Groups

In 2009–10, the difference in the spending capacity of Hindus compared to Muslims was about 30 per cent. Indeed certain minority groups, like Sikhs, Jains and Christians have done far better. However, amongst the two predominant religious groups – Hindus and Muslims – even as the average MPCE has nearly doubled for both the groups, the difference between the two groups has increased. The MPCE for Hindus rose by over 39 per cent compared to a 34 per cent increase for Muslims. Thus even as the spending capacity of both groups has increased the difference in relative spending capacity has also risen. A similar increase in disparity is seen across other vulnerable social groups (table 6).

**Table 6: Average MPCE across Social Groups in India**

| Social Group         | 2004-05                   |                        |                 | 2009-10           |                        |                 |
|----------------------|---------------------------|------------------------|-----------------|-------------------|------------------------|-----------------|
|                      | All India (Rural + Urban) |                        |                 |                   |                        |                 |
|                      | % Popu-<br>lation         | House-<br>hold<br>Size | Average<br>MPCE | % Popu-<br>lation | House-<br>hold<br>Size | Average<br>MPCE |
| Scheduled Caste      | 19.59                     | 4.71                   | 532.08          | 20.29             | 4.57                   | 8 87.44         |
| Other Backward Class | 40.96                     | 4.83                   | 625.90          | 41.76             | 4.60                   | 1 064.50        |

|               |            |             |               |            |             |                 |
|---------------|------------|-------------|---------------|------------|-------------|-----------------|
| <b>Others</b> | 30.81      | 4.65        | 919.09        | 29.14      | 4.38        | 1 578.70        |
| <b>Total</b>  | <b>100</b> | <b>4.74</b> | <b>683.75</b> | <b>100</b> | <b>4.52</b> | <b>1 159.80</b> |

SOURCE: India Datalabs @ ORF, MPCE Religious Groups

It is also observed that the difference between the Schedule Tribe and the others – which includes the forward castes and some other trading communities – is very pronounced (table 6). In fact, it is far greater than the difference between the Hindus and Muslims or any other division based on religion. In the last five years the prosperity levels have gone up or at least the spending capabilities have gone up across the board, and yet the difference between the different castes has accentuated. For example, the MPCE premium of the 'Others' over the Scheduled Castes has gone up by around 5 per cent to around 79 per cent.

In a way, even as India progresses, identities that are traditional and centuries old get reaffirmed by the income differentials that get created. Affirmative action or not, India has not been able fully to resolve the inherent diversity of identities and the linkages around economic participation and access that determine prosperity.

In more ways than one, education is a useful indicator to reveal the level of development and therefore extent of integration of different groups in the economy. From table 7 below we can see that 13.88 per cent Hindu as against only 4.36 per cent Muslims have education attainments of graduation and beyond in 2009–10. In 1993–94 the two communities were far closer with 2.66 per cent Hindus and 1.08 per cent Muslims in the same category.

**Table 7:** Education Attainment across Religions (Hindu, Muslim) in India, 2009–10

| Religion        | Illiterate   | Up till Primary | Middle       | Secondary    | Diploma /Certificate course | Graduate and above |
|-----------------|--------------|-----------------|--------------|--------------|-----------------------------|--------------------|
| <b>Hinduism</b> | 19.97        | 25.77           | 13.87        | 25.19        | 1.31                        | 13.88              |
| <b>Islam</b>    | 31.43        | 31.79           | 15.11        | 16.7         | 0.6                         | 4.36               |
| <b>Total</b>    | <b>21.54</b> | <b>26.43</b>    | <b>14.24</b> | <b>23.97</b> | <b>1.24</b>                 | <b>12.59</b>       |

SOURCE: India Datalabs @ ORF, NSS Education

Another indicator for the same can be access to resources and amenities like drinking water. Only 15 per cent of Scheduled Caste citizens have the

facility of drinking water in their own dwelling units as against nearly 38 per cent for the forward communities and others. The situation in the case of Scheduled Tribes is far worse with only 7 per cent having any facility in their house. The rest have to make varying degrees of physical effort to source this daily necessity. Once again, the traditional divisions and hierarchies are maintained and reinforced.

**Table 8: Access to water – Differentials by Social Group, 2008–09**

| Social Group                | Within dwelling | Outside dwelling / within premises |
|-----------------------------|-----------------|------------------------------------|
| <b>scheduled tribe</b>      | 6.95            | 17.26                              |
| <b>scheduled caste</b>      | 14.96           | 21.25                              |
| <b>other backward class</b> | 23.66           | 28.04                              |
| <b>others</b>               | 37.76           | 28.76                              |
| <b>Total</b>                | <b>24.69</b>    | <b>25.93</b>                       |

SOURCE: India DataLabs @ ORF, NSS Water Availability

In spite of the economic growth, the socioeconomic condition of large sections of population still remains a function of their access to basic resources like water and energy. As pointed out by Kothari (1995), ‘There seems to be a growing sense of betrayal and deep ambivalence among the oppressed with respect to modern institutions, which has often led to falling back on their own reserves’. In turn, ‘obscurantist forces’ have exploited the sense of betrayal for fulfilling selfish political motives.<sup>25</sup>

As a result of liberalisation, poverty in absolute numbers may have reduced. However, traditional inequities and divisions persist. Simultaneously, their exposure to the paradigm of globalisation thanks to the new media results in a vicarious ‘mediated worldliness’<sup>26</sup> which is often at complete odds with their own context, space and time. It is this marginalisation that makes the sporadic social as well as violent movements across the country the consequences of a more deep-rooted socio-economic malaise. Time and again the government has recognised that incidents of violence witnessed in the Naxal affected areas are in essence attributable to questions of access and rights.<sup>27</sup> That many of these inequities can also be mapped to the regional, religious or social standing of communities and groups makes it a potent political tool that can be used to fuel disaffection and social fragmentation.

The idea of economic growth as the cure for different levels of inclusion and access across the socioeconomic landscape is faulty. Obsession with growth rates has diverted attention from equitable distribution and other inclusive policy imperatives. There is an increasing tension between those propagating a neo-liberal agenda and those who have been left out of the



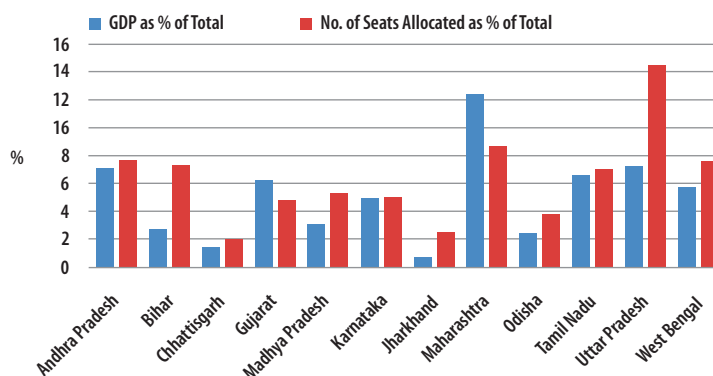
economic mainstream. This tension, riding on traditional identities, will shape India's economic policy, global partnerships and indeed its rate and form of integration with the world.

## FROM THE UNION OF INDIA TO THE INDIAN UNION

India's constitution was conceived as a unitary model of governance albeit with certain federal features. Recognition of the diversity of India made the formers of the constitution borrow elements from diverse sources. Care was taken to ensure that the balance of power remained vested in the Union Government. Yet, in spite of all the unitary features, the distribution of powers and responsibilities between the states and the centre has become an increasingly contested space at the fulcrum of modern Indian political discourse.

The primary challenge arises from the difference in the economic status of the various states. At the same time, the number of parliamentary seats allocated to the different Indian states is not directly proportionate to their relative contributions to GDP (figure 2). The result is that states like Uttar Pradesh and Bihar punch well above their proportionate contribution to national GDP whereas the converse is true for Maharashtra and Gujarat. Regional disparities in resources, income levels, access to opportunities and infrastructure ensure that local governments and their policies follow different priorities. Here, the trend we need to focus upon is how the 'Union of India' is maturing into the 'Indian Union'. The divergence poses its own complexities, sometimes, weakening centrist policy making and making the debate on major issues shrill. However what needs analysis is whether this strengthens the ethos of democracy and results in a more wholesome developmental process.

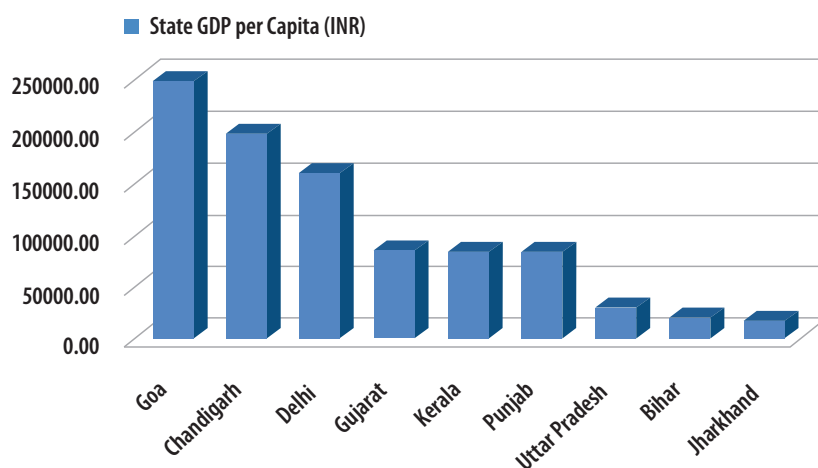
**Figure 2:** Number of Seats Allocated to States in Parliament vs. State-wise GDP as % of Total (2009–10)



Source: Parliament Data, Government of India, Census 2011

It is evident from a cursory examination (figure 2) the states with the largest populations are not the ones with highest economic growth.<sup>28</sup> Bihar, with a population size roughly equivalent to that of Maharashtra, has only one fifth of the latter's capacity to manage the challenges of growth and meet aspirations of its people. Similarly, Gujarat with a GDP equal to that of Andhra Pradesh, but a population which is a third of the latter's population, aspires to far greater political weight than its numbers can afford it. With states having very different historical experiences, varying material circumstances and differing priorities, they often tend to coalesce around and become expressions of sub-national state identities that are increasingly assuming far greater political salience. The average GDP per capita of various states (figure 3) identifies the regional disparities at the level of the individual. The states that are lagging behind are also the states facing civil unrest in one form or the other. The successful states are striving to manage their chauvinistic impulses.

**Figure 3:** Differentials in GDP per capita (illustrative sample of states), 2009–10

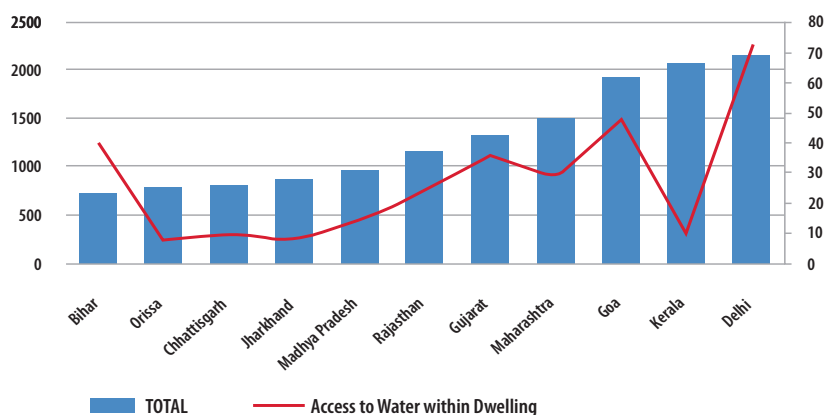


SOURCE: India Datalabs @ ORF, NSS State wise GDP

In another illustrative example of the wide variations between states across the country, figure 4 plots the differentials in monthly per capita expenditures (MPCE) across states along with access to water within dwellings. Of course, like the differentials in per capita GDP across states, there are wide divergences in the expenditure profiles. However, perhaps more interestingly, it can also be seen that there are asymmetric differences between the spending power of people within the illustrative sample of states shown here, and the relative access to water within dwellings. For instance, in

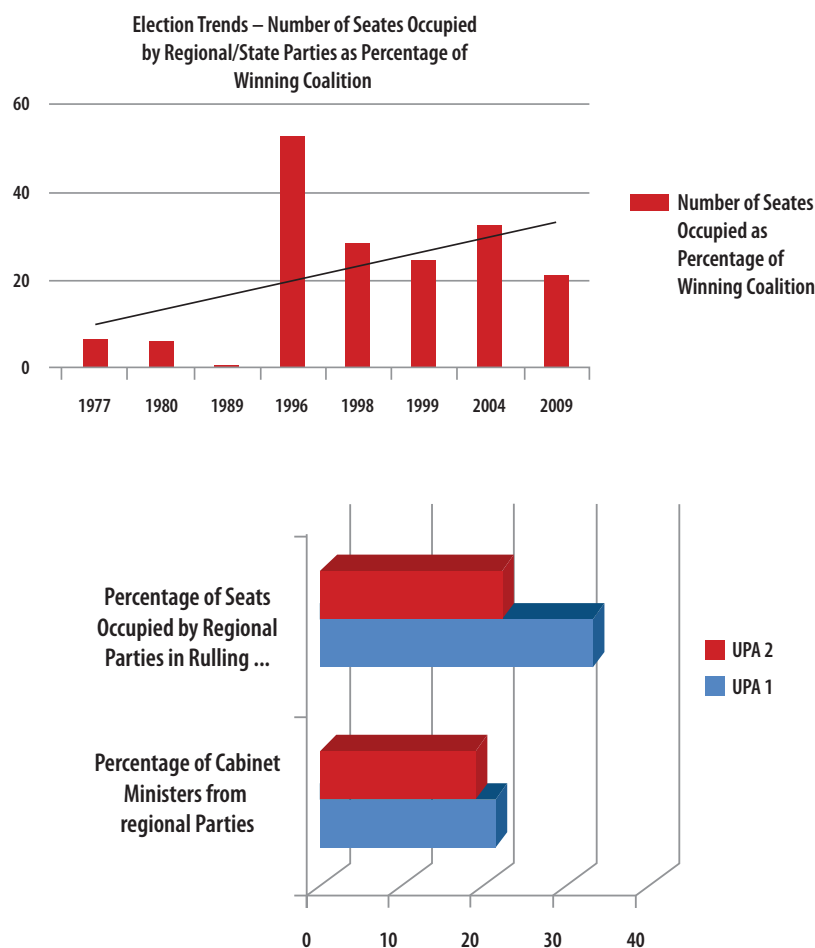
a state such as Kerala, with the MPCE figures at the higher end of the spectrum, the access to water is approximately at par with states with much lower MPCE figures such as Orissa, Chhattisgarh etc. It can be credibly argued that such differentials in earnings, expenditure and access to basic resources (the examples can be extended to access to electricity, cooking fuels etc.), adds to the federalist momentum since voices within states start to demand commensurate service delivery from their government. Given these disparities and differentials, it is expected that consensus on national policies can never be easy to attain and whenever achieved can only be a sub-optimal compromise that attempts to simultaneously accommodate the most contradictory aspirations and demands. As regional voices acquire greater weight, the impact no longer remains limited to national policies but also spills over to India's interactions with the world at large.

**Figure 4:** Differentials in MPCE and Access to Water (illustrative sample of states), 2009–10



SOURCE: India Datalabs @ ORF, NSS State wise MPCE, within dwelling water availability

While India's population is increasingly becoming more mobile and more homogenised, at a political level the clear trend is towards the emergence of empowered regional polities that are much more in control of shaping their pathways and destinies than before (see figure 5). This trend is manifested in the increasing preference for regional parties and issues. Figure 6 shows that in the case of the United Progressive Alliance (UPA) which has formed the last two successive coalition governments in India (UPA 1 and UPA2) while the proportionate composition of regional parties has decreased substantially in the second term, the number of cabinet portfolios for the regional parties has not seen a proportionate decrease. Therefore in many ways the regional parties are able to punch far above their weight in the coalition government.

**Figures 5 & 6:**

Source: Parliament data, Government of India

Federalist impulses have consistently been playing a large role in defining some primary issues of policy in India. Three recent developments can help understand this trend. The first is that of the state of Gujarat, a prosperous state with plenty of emphasis on infrastructure and industry. Thanks to sustained efforts by its progressive government, Gujarat now engages directly with China (making the centre's role redundant) in a veritable on going bilateral dialogue on diverse issues of economic interest. While the West has condemned Chief Minister (CM) Modi for his alleged controversial role in the Gujarat Riots in the early parts of the last decade, and the United States has banned him from applying for an American visa, the CM enjoys the comfort and 'red carpet' hospitality of the Chinese.<sup>29</sup> The second relevant example is that of the State of Tamil Nadu, which has historically enjoyed a large relative representation in the Indian parliament (figure 2).

Historically, India has supported sovereignty and non-interference in the domestic affairs of other countries and traditionally not participated in the West-sponsored resolutions on issues of human rights against its neighbours. The recent United Nations Resolution censuring Sri Lanka for its alleged human rights violations in its northern provinces saw India voting in favour of the resolution. However, the change in Indian posture may be more a result of its federal politics than any greater sensitivity to human rights. The alleged persecution of Tamil immigrants by the Sri Lankan government is a politically sensitive issue in Tamil Nadu. According to an Indian newspaper report (among others), 'India initially showed reluctance to vote on a nation-specific resolution but changed its stand after political parties in Tamil Nadu exerted pressure on the United Progressive Alliance government to go with the resolution'.<sup>30</sup> This is an instance of a state exerting political power through the centre and affecting India's foreign policy stance. The last instance that suggests the role of the city-states in national external policy is that of West Bengal having a say in India's external policy. It is well known that the Chief Minister of West Bengal, Mamata Banerjee, whose party forms the coalition government (UPA 2), has opposed certain investment policy changes being sought by the EU and the US administration. In a recent official visit to India, US Secretary of State Hillary Clinton visited the chief minister in West Bengal, which clearly evidences the growing importance of regional parties in policy making even in the eyes of foreign actors.<sup>31</sup>

John Kincaid has called federalism 'a leading mechanism for addressing problems of human diversity and political scale, both small and large'.<sup>32</sup> Indeed in a country as diverse as India, with many regional and sub regional identities, federalism provides the glue that holds. With the demise of one-party rule at the centre beginning in the 1970s, as is evident in the above figure, it is natural that policy making has been decentralised to a large extent. Amaresh Bagchi, himself an ardent federalist, concurred: 'A great merit of federalism lies in its promise of respecting plurality of identity of human beings'.<sup>33</sup> In India, the acceptance of diversity in policy rather than homogeneity may be on the way to becoming its defining impulse, one that is bound to shape both India's internal and external engagements in the years to come.

## CONCLUSION

Our study of these trends and drivers demonstrates the challenges facing India on its developmental path. In coming to grips with the scale of these challenges and the constraints on the country's ability to respond, we can

begin to glimpse the shape of India's behaviour and responses and emerging patterns of her external engagements in the near future.

The key fact to note is that India's development is, necessarily, fundamentally different from the development patterns that have occurred in Europe and the West. Obviously there are differences of time and context. India's economy is developing more than a century after the economies of the West, and moreover it is seeking to do so in a vastly changed global context. Above all, however, India's emergence and its challenges are defined by their sheer scale.

Given the huge and still growing Indian population, India's policies will necessarily be focused overwhelmingly upon catering to the immediate resource and infrastructure needs. Simultaneously, India will need to aggressively explore its growth patterns for opportunities to greatly expand the employment opportunities available to its population. This will necessarily entail a greater push towards broad-based industrial development – particularly in the SME sector. As these processes gather strength they will feed back into the resource and infrastructure requirements. Its choices of external economic partnerships will certainly be shaped by this need.

Simultaneously, the country's policy apparatus needs to cater to a demographic landscape that prominently features a remarkably low per capita income. Therefore affordability is central to the domestic development discourse. It is fairly clear that social services and infrastructure provision etc. will need to continue being delivered at affordable rates. Sensitivity to 'price' will certainly determine where India sources its goods and services from and some recent trends suggest that 'looking East' could also be pragmatic thinking.

Massive and rapid urbanisation, often unplanned in nature, will continue to accentuate and aggravate the developmental challenges. The processes of inequitable growth and increasing intensification of urban poverty need to be understood and tackled urgently. What is evident from the macro drivers are two distinct narratives.

The first is that of the haves and have-nots, which is analogous to the traditional North-South debate at the global level. This chapter suggests that large sections of urban poor coexisting with the urban elite – without access to basic infrastructure and resources that have been largely monopolised by the elite – pose pressing questions that must be responded to. This will also shape the politics of the city and the discourse on domestic and foreign policy. Migration and the rise of the lower income classes, along with the increasing political weight of regional parties, have indeed changed the very texture of politics in India. It is seldom the case that unilaterally devised agendas can dominate political discourse without being challenged. The policy-making landscape may have become more shrill, but

also more inclusive. And greater participation often throws up outcomes that defy traditional and elitist decision-making frameworks.

The second, more subtle narrative is that of the resurgence of traditional identities, sometimes reaffirmed through globalisation. A wide range of developments and circumstances are pushing the formation / proliferation of identities. While part of this can be explained by the increasing choice and ability of the individual, a large part remains a less transparent matter of social group needs and pressures. Overall, this fragmentation of identity, if left unmanaged, could impact negatively upon policy coherence.

Externally too, India's policy preferences will be affected by its core internal challenges more than ever before. A core outcome of these imperatives will be in the preference for weaving a pathway between blocs and camps – sometimes referred to as 'Non-Alignment' and at other times as 'Multi-Alignment'. This tendency will essentially be a quest for fluid partnerships and networks that allow the country to meet its economic needs while securing it the space to manoeuvre.

Fortuitously, a number of emerging economies are engaged in developmental projects of their own and, while individual needs vary tremendously, common or shared policy frameworks are gaining acceptance. BRICS-like networks will be favoured because they will help iron out bilateral issues and will allow space for flexible response rather than a rigid, restrictive set of choices. India represents a significant proportionate weight in terms of both size of its population and economy within the group of emerging countries that constitute BRICS. The countries also collectively represent over 43 per cent of the global population, and experiences of low-cost, innovative and contextual solutions for development abound within the consortium. BRICS is a ready platform for mutual learning and exchange, which must be leveraged by countries such as India in order to build sustainable trajectories for development and growth.

In terms of bilateral relationships, while the US will be somewhat hedged in by a larger discontent against globalisation, China may be able to grab a more active role particularly in infrastructure and finance provided the two countries are able to either resolve or ignore some of the contentious issues that have vexed their engagement in the past.

At the same time, policy devolution will mean that India's States will generate their own responses and relationships with foreign nations and entities. This will tend to pluralise the 'Indian' voice. In many ways, these dynamics mirror contemporary geopolitics. Multiple partnerships are likely to be more successful than Cold War binaries.

Thus, as India negotiates its way through these challenges and constraints, its policy preferences will be conditioned by three big imperatives – the need to visibly cater to people's needs in terms of employment, resources

and infrastructure for the bottom of the pyramid. At the same time, given the need to nurture innovation, enterprise and efficiency, Indian policy will strive to preserve and expand economic liberalisation with an attendant leaning towards the Western capitals. Amidst this massive economic churning, India will also face a parallel set of tensions in the social and political domains and there will be need for innovation in terms of policies and institutions. The scale and magnitude of this diversity and complexity does not necessarily allow for Western styles of governance. India's context is unique. There are also no successful development models that can cater to such push and pulls, and through the analysis of macro trends it is evident that countries such as India need to innovate and create organic frameworks for their governance, market structures and external relationships.

### Annexure 1: Sex ratios in India and States

| States/Union Territories | 2001 | 2011 | 2026 (projected)                      |
|--------------------------|------|------|---------------------------------------|
| India                    | 933  | 940  | 930                                   |
| Jammu & Kashmir          | 892  | 883  | 933                                   |
| Himachal                 | 968  | 974  | 942                                   |
| Punjab                   | 876  | 893  | 840                                   |
| Chandigarh               | 777  | 818  |                                       |
| Uttarakhand              | 962  | 963  | 953                                   |
| Haryana                  | 861  | 877  | 839                                   |
| NCT                      | 821  | 866  | 789                                   |
| Rajasthan                | 921  | 926  | 915                                   |
| Uttar Pradesh            | 898  | 908  | 902                                   |
| Bihar                    | 919  | 916  | 949                                   |
| Sikkim                   | 875  | 889  | 955<br>(* north east states combined) |
| Arunachal Pradesh        | 893  | 920  |                                       |
| Nagaland                 | 900  | 931  |                                       |
| Manipur                  | 974  | 987  |                                       |
| Mizoram                  | 935  | 975  |                                       |
| Tripura                  | 948  | 961  |                                       |
| Meghalaya                | 972  | 986  |                                       |
| Assam                    | 935  | 954  | 960                                   |



|                           |       |       |       |
|---------------------------|-------|-------|-------|
| West Bengal               | 934   | 947   | 959   |
| Jharkhand                 | 941   | 947   | 953   |
| Orissa                    | 972   | 978   | 990   |
| Chhattisgarh              | 989   | 991   | 993   |
| Madhya Pradesh            | 919   | 930   | 914   |
| Gujarat                   | 920   | 918   | 882   |
| Daman & Diu               | 710   | 618   |       |
| Dadra & Nadra Haveli      | 812   | 775   |       |
| Maharashtra               | 922   | 925   | 904   |
| Andhra Pradesh            | 978   | 992   |       |
| Karnataka                 | 965   | 968   | 978   |
| Goa                       | 961   | 968   |       |
| Lakshadweep               | 948   | 946   |       |
| Kerala                    | 1 058 | 1 084 | 1 036 |
| Tamil Nadu                | 987   | 995   | 1 000 |
| Punducherry               | 1 001 | 1 038 |       |
| Andaman & Nicobar Islands | 846   | 878   |       |

SOURCE: census projections 2001 &amp; census 2011

## Annexure 2: State-wise differentials in Population and GDP

| State             | GDP (FY 2011) | Population (1000s) | GDP as % of Total |
|-------------------|---------------|--------------------|-------------------|
| A & N islands     | 4092          | 380                | 0.04942029        |
| Andhra Pradesh    | 588963        | 84 666             | 7.11307971        |
| Arunachal Pradesh | 8233          | 1 383              | 0.099432367       |
| Assam             | 104015        | 31 169             | 1.256219807       |
| Bihar             | 217814        | 103 804            | 2.630603865       |
| Chandigarh        | 20704         | 1 055              | 0.250048309       |
| Chhattisgarh      | 117567        | 25 540             | 1.419891304       |
| Delhi             | 264496        | 16 753             | 3.194396135       |
| Goa               | 35934         | 1 458              | 0.433985507       |
| Gujarat           | 513173        | 60 384             | 6.197741546       |
| Haryana           | 264149        | 25 353             | 3.190205314       |
| Himachal          | 54695         | 6 856              | 0.660567633       |

|                   |         |                  |                  |
|-------------------|---------|------------------|------------------|
| Jammu and Kashmir | 106696  | 12 549           | 1.288599034      |
| Jharkhand         | 54731   | 32 966           | 0.661002415      |
| Karnataka         | 405123  | 61 131           | 4.892789855      |
| Kerala            | 276997  | 33 388           | 3.345374396      |
| Madhya Pradesh    | 259903  | 72 598           | 3.138925121      |
| Maharashtra       | 1029621 | 112 373          | 12.43503623      |
| Manipur           | 9198    | 2 722            | 0.111086957      |
| Meghalaya         | 15135   | 2 964            | 0.182789855      |
| Mizoram           | 6058    | 1 091            | 0.073164251      |
| Nagaland          | 11121   | 1 981            | 0.134311594      |
| Odisha            | 195028  | 41 947           | 2.355410628      |
| puducherry        | 12929   | 1 244            | 0.156147343      |
| Punjab            | 229304  | 27 704           | 2.769371981      |
| Rajasthan         | 323682  | 68 621           | 3.909202899      |
| Sikkim            | 5652    | 608              | 0.06826087       |
| Tamil Nadu        | 547267  | 72 139           | 6.609504831      |
| Tripura           | 17387   | 3 671            | 0.209987923      |
| Uttar Pradesh     | 595055  | 199 581          | 7.186654589      |
| Uttarakhand       | 75476   | 10 117           | 0.911545894      |
| West Bengal       | 473890  | 91 348           | 5.723309179      |
| <b>Total</b>      |         | <b>1 210 193</b> | <b>8 280 000</b> |

Source: for population: Census survey 2011; for GDP: Ministry of Statistics and Programme Implementation, Government of India, March 2012

### Annexure 3: Differentials in average MPCE across States

| State            | RURAL    | URBAN    | TOTAL    |
|------------------|----------|----------|----------|
| Jammu & Kashmir  | 1 280.68 | 1 653.89 | 1 367.69 |
| Himachal Pradesh | 1 365.34 | 2 321.5  | 1 448.05 |
| Punjab           | 1 479.8  | 1 992.69 | 1 659.8  |
| Chandigarh       | 2 032.41 | 4152.73  | 3 832.91 |
| Uttaranchal      | 1 360.3  | 1 572.71 | 1 414.6  |
| Haryana          | 1 393.59 | 1 898.18 | 1 544.66 |
| Delhi            | 1 566.57 | 2 181.98 | 2 149.97 |
| Rajasthan        | 1 004.48 | 1 669.5  | 1 165.93 |
| Uttar Pradesh    | 828.67   | 1 364.99 | 9 36.61  |
| Bihar            | 681.03   | 1 092.34 | 7 22.8   |

|                      |              |                 |                |
|----------------------|--------------|-----------------|----------------|
| Sikkim               | 1 148.45     | 1 876.46        | 1 248.29       |
| Arunachal Pradesh    | 1 325.77     | 1 648.91        | 1 390.94       |
| Nagaland             | 1 369.1      | 1 709.8         | 1 461.15       |
| Manipur              | 927.51       | 1 053.47        | 960.07         |
| Mizoram              | 1 112.9      | 1 707.05        | 1 384.98       |
| Tripura              | 926.62       | 1 602.39        | 1 034.85       |
| Meghalaya            | 966.81       | 1 455.98        | 1 049.76       |
| Assam                | 863.47       | 1 540.28        | 932.83         |
| West Bengal          | 855.1        | 1 735.66        | 1 068.11       |
| Jharkhand            | 732.33       | 1 390.87        | 864.76         |
| Orissa               | 682.8        | 1 425.42        | 789.03         |
| Chhattisgarh         | 689.91       | 1 352.45        | 808.03         |
| Madhya Pradesh       | 796.59       | 1 469.35        | 960.35         |
| Gujarat              | 994.92       | 1 859.01        | 1 323.59       |
| Daman & Diu          | 1 531.41     | 1 563.07        | 1 545.54       |
| D & N Haveli         | 805.34       | 1 457.15        | 966.84         |
| Maharashtra          | 1 010.93     | 2 231.98        | 1 519.66       |
| Andhra Pradesh       | 1 020.14     | 1 982.22        | 1 290.46       |
| Karnataka            | 806.54       | 1 716.38        | 1 124.16       |
| Goa                  | 1 591.9      | 2 749.62        | 1 921.46       |
| Lakshadweep          | 1 466.55     | 2 222.58        | 1 849.14       |
| Kerala               | 1 850.67     | 2 663.46        | 2 062.12       |
| Tamil Nadu           | 968.44       | 1 678.69        | 1 284.75       |
| Pondicherry          | 1 510.96     | 2 094.95        | 1 891.68       |
| A & N islands        | 1 714.32     | 2 498.37        | 2 007.69       |
| <b>Total / India</b> | <b>927.7</b> | <b>1 785.81</b> | <b>1 159.8</b> |

SOURCE: India Datalabs @ ORF, NSS State wise MPCE

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# India's Security Calculus in Balancing Regional and Global Geopolitical Agendas

*Tirumalai Cunnavaikum Anandanpillai Rangachari*

'No country can adopt a policy that is demonstrably to the disadvantage of the country... At the same time, we must strive to harmonise the national interests of various countries while advancing our own.'

Jawaharlal Nehru

'The world is getting more interconnected and interdependent. Global challenges affect all countries and their citizens, regardless of who is responsible e.g. climate change and environmental issues like biodiversity and resource scarcity; global economic and financial issues; migration or pandemics; global terrorism and cyber crime... the global governance landscape is getting more complex. These challenges have to be addressed through global decision-making and global action.'

Excerpts from the Address of the President of the UNGA to the UN University in Tokyo, 29 October 2010.

## THE CONTEXT

**T**he end of the Cold War held out the promise of peace and growth. In the two decades since, we are still far from resolving threats to peace and stability; indeed, there are manifestations in new forms and personas. New challenges – the environment and climate change, food, water and energy security, demography – have emerged with the potential for disturbing the established order. Political uncertainty and instability discourage investment; competition for resources and markets, unless regulated through agreed rules, impair growth.

The political and economic model that formed the template for global order in the post-War era is changing. On the political side, the 'Arab Spring' and 'Colour' revolutions have demonstrated the feebleness of political structures and processes that do not have legitimacy drawn from the support of the people. They have brought out the limitations of unrepresentative and unresponsive regimes in dealing with the legitimate aspirations of their peoples. On the economic side, in the aftermath of the global financial crisis, it is evident that there can be no 'one-size-fits-all' formula that will be relevant and applicable globally. Each country has to devise a system that suits its own genius best, derives the maximum benefits from its own comparative advantage and addresses the problems that are distinctive to its situation.

The centre of gravity of international affairs is said to be shifting from the Atlantic to the Pacific and Indian Ocean regions. This could be considered a natural corollary of the demographic shift; it is estimated that by 2025 two thirds of the world's population will live in Asia. Already, India and China account for two fifths of the world population. The Asian economies – China, India, Indonesia, Vietnam and others – have performed well and hold potential for future growth. Trade within Asia has tripled over the past decade. Problems remain but in Asia, as in the major emerging regions, the world looks very different – a world of challenges, yes, but also a world of 'resilient dynamism' in the words of Christine Lagarde, Managing Director of the International Monetary Fund.<sup>1</sup>

This perception of a shift draws sustenance also from the view – however imagined or transient given that the US dollar still accounts for over 60 per cent of global currency reserves – that following the global financial crisis of 2008 the US became a declining power with concomitant consequences for global growth and security. It is fuelled by the EU's declining share in global GDP over the last three decades, by the still anaemic economic recovery and by the burdens of demography and highest levels of post-war public debt. IMF's World Economic Outlook estimates global growth in 2013 at 3.5 per cent, which is not much higher than last year.

A good part of this growth is expected to come from the emerging economies. As Christine Lagarde put it at Davos earlier this year,

We are standing in the antechamber of a new global economy... *geographically different*, driven more by the dynamic emerging markets and developing countries... also be *generationally different*, shaped by different values and principles.<sup>2</sup>

If so, the world is entering a new era presaging a reallocation of political and economic power.



The BRICS are at the forefront of this shift, partly because of their role as emergent economies and partly due to a genuine shift from a uni-polar to a multi-polar world.

## INDIA'S SELF-PERCEPTION IN THE EMERGING ORDER

India has to anticipate the kind of future that it envisages for itself – regionally and globally – as a responsible and responsive member of the international community and a member of the BRICS. India's vision of itself, and consequently of its place and security in the regional and global order, is rooted in its history and civilisation stretching back over two millennia. There is anticipation that based on the spurt in growth rates in the last decade the size of the Indian economy will cross the \$2 trillion mark this year and that its future will be like its pre-colonial past. It is predicted to be a leading player in the global economy, upholding a system of values derived from its civilisational roots that blends the individual's role and interests with that of the community, and that will be a globalising and increasingly modernising influence.

There is, as in all things Indian, a contrary view which says that this is a misplaced expectancy. It holds that complacency about the inevitability of the India Growth story is uncalled for; that the potential will remain but a promise unless actualised by ensuring that the current downturn is short-term and the long-term growth drivers will return.<sup>3</sup> Currently, the rising fiscal deficit and short-term debt levels are disturbing; there are serious concerns about macroeconomic management, policy environment and governance.<sup>4</sup> Also, the growth story of the last decade does not take into account the fact that there were some special factors at work when India experienced unprecedented growth and that all emerging markets performed similarly in the same period.<sup>5</sup> As if to prove the point, India's Central Statistical Office's latest assessment shows that growth in the last year was 5 per cent as compared to 6.2 per cent the year before.

The internal challenges are compounded by worries, globally, about availability and affordability of raw materials (particularly energy) and about access to capital, technology and markets. These assume criticality given the lower levels of development and higher levels of poverty and deprivation. The fact that there are greater numbers of the poor in India than anywhere else in the world can become a potent threat to stability. India is not insulated from adverse global influences.

Still, there is a sense of optimism regarding India's future. Nearly nine out of ten Indians feel that India is already, or will eventually be, one of the most powerful nations in the world.<sup>6</sup> There is a sense of celebration that India and

Indians are sought after. Indian companies are becoming global players. Over the last five years, the numbers of Indians in Forbes' list of the world's billionaires has doubled to fifty five. Indian companies are acquiring iconic assets abroad, making endowments for education globally and striking partnerships in Hollywood. Incredibly, India is even cited as a possible threat to the future prosperity of the US.<sup>7</sup>

Indians feel flattered that the former US Secretary of State, Hillary Clinton, spoke of 'the strategic fundamentals of our relationship' and of 'pushing our two countries' interests into closer convergence'<sup>8</sup> and that the US Defense Secretary, Leon Panetta, calls India a 'linchpin' of the US's 'rebalancing' strategy.<sup>9</sup> As president of the EU Council, Herman van Rompuy put it as follows:

Even if there is still a lot of poverty, nobody calls India poor any more.

Today, they see that Indian companies are investing in European firms, and Indians are excelling in sciences and services... People across Europe see India as a rising power, as the world's largest democracy with 1.2 billion people, as an economic giant in the making. Even if knowledge does not always go very deep, the general feeling towards India among Europeans is one of respect and admiration, respect for your history and culture, awe and admiration for your recent accomplishments. They know that your country, too, is changing rapidly... Economically, demographically. Modernising at high speed. People in Europe are sometimes a little surprised about how rapidly this evolution goes.<sup>10</sup>

Independent India is seeking to regain what it perceives as its rightful place in the global order. Democracy has ensured that India – a multi-ethnic, multi-cultural, multi-religious, pluralistic society – retains political unity. India's GDP is now among the top ten in the world and is contributing to the recovery of the world economy. India offers to its partners a unique developmental experience that they might wish to draw upon – to its developing country partners, one that combines economic growth with human freedoms and rule of law, and to its developed country partners a two-way market for goods, services, capital and technology that could spur global growth and prosperity.

## INDIA'S SECURITY CONCERNS

For India, a peaceful periphery is an irreducible requirement for the success of its efforts to accelerate domestic economic development. Of particular

relevance in this context is the 'Look East' policy. It revived the historic connectivity with South-East Asia based on cultural and civilisational ties and served as a springboard for building enduring economic relationships. Together, India and SEAN account for a combined market of 1.8 billion people with a US\$ 3.8 trillion GDP; trade grew by a robust 37 per cent to US\$ 80 billion last year surpassing, well ahead of time, the target set by the two sides. In the 'Vision Statement' issued at the conclusion of the ASEAN-India Commemorative Summit on 20 December 2012, the two sides fixed a target of US\$ 100 billion for ASEAN-India trade by 2015.

The institutional framework for achieving that target will be provided by the agreements in regard to the ASEAN-India Free Trade Area (FTA). As the Eminent Persons Group jointly created by the two sides noted last year, India supports ASEAN as the driving force of both economic and security structures and institutions that are currently emerging in this region, based on the centrality of ASEAN. They mutually support their increasing role at the global level and will collaborate on regional and international issues of mutual concern, as well as promote and strengthen inclusive and multi-track regional arrangements.

With Myanmar, a member country of ASEAN, Indian shares history, culture, religion, ethnicity and spirituality. There are ethnic and linguistic ties with the same tribes inhabiting either side of the border providing a natural basis for cultural, trade, infrastructure development and other ties. Myanmar's reemergence as a democracy enables it to be seen now as a 'natural' and 'critical' partner in India's 'Look East' policy. It is perfectly situated to play the role of an economic bridge between South and South-East Asia and between India and China.<sup>11</sup>

The periphery includes India's coastline of over 7 500 kilometers. The prospect of a threat to India's security through the sea route is a potent one. One recent example of this was the attack on Mumbai, the business and financial capital of India, on 26 November 2008 in which one hundred and sixty four people were killed over three days. The Pakistan-based terrorists that launched the killing spree used the Arabian Sea route to enter the city. The scar on the nation's psyche left by that incident has yet to heal and has alerted India to the need to strengthen coastal security, though this threat to security still remains quite high.<sup>12</sup>

The Indian Ocean washes the shores of India; ninety per cent of the global trade of the Asian nations is routed through the Indian Ocean. Thus maritime security is an important ingredient in India's security calculus. That includes a plurality of tasks – ensuring freedom of navigation, protecting the Sea Lanes of Communication (SLOC), combating piracy and exploring and developing the sea-bed resources ranging from fisheries and deep-sea mining to energy resources.

India's security concerns emanate primarily from the worrisome uncertainties plaguing the Asian region and from the sources of its previous conflicts. That includes Pakistan and China. Pakistan remains ambivalent about normalcy in relations with India, having fought four wars with India in pursuance of what it regards as unfinished business of Partition sixty-four years ago. Terrorism emanating from Pakistani soil is, today, a threat not just to India but to overall global security. China fought a war with India in pursuit of territorial claims and to teach India a lesson. Fifty years have passed but it has left a trust deficit that both sides agree has yet to be bridged.

There is a growing asymmetry between the military capabilities of India and China. Among China's four modernisation goals made over three decades ago is the modernisation of the military. China's military spending is three times larger than India's – another large Asian country with regional and global aspirations. Defense Minister Liang Guanglie agreed at the Shangri La Dialogue in Singapore in 2011 that China's military power has enhanced with increased modernisation. He spoke of the 'multiple security challenges, both traditional and non-traditional, in the Asia Pacific. The official explanation, following the 11th National People's Congress in March 2012, was that China was faced with increasingly complex security challenges. The explanation offered following the NPC was that alliances are being built up to thwart China's rise. Also, that outside forces were getting involved in China's maritime territorial disputes, and that domestic and international separatist forces are carrying out terror attacks.

It may be that China is gearing up to counter perceived threats from the US and the developed world to block its rise. But when China's military might is compared with its immediate neighbours, the picture looks very different. China's differences are all with Asian countries. China is growing stronger and it is not in a position to keep pace. Concerns arise amongst China's neighbours because China has territorial disputes with many of them and there is no assurance that these will be resolved solely through peaceful means.

This muscular military capability creates the possibility that China will set the agenda in the region taking into account only its own grievances and fears. China regards Indo-US cooperation as a thinly veiled attempt at 'containment' of China or treating China as a 'rival', even on issues of common and regional concern like disaster management, anti-piracy, economic cooperation and energy. Thus, five years ago, China warned India against participating in a Japanese initiative for a consultative process involving these countries. China warned India against collaborating with Vietnam in exploiting the oil reserves in the South China Seas, claiming sovereignty even in respect of a project that had been on stream for a dozen years and

in which the Indian state-owned company, ONGC Videsh Limited (OVL), had invested a quarter of a billion dollars.

The differences that arose in the ASEAN Regional Forum in 2010 over the South China Seas regarding sovereignty and territorial claims of respective littoral states created misgivings in the ASEAN region about the prospects of a peaceful resolution. China then described the South China Seas as a 'core interest' – a term hitherto reserved only for Taiwan and Tibet. It has announced a new patrolling policy that will allow Chinese patrol vessels to board foreign vessels in these waters. China's tough political approach is intriguing and the country is now ASEAN's largest partner, replacing the US, Japan and the EU.

China's bilateral trade volume with ASEAN now exceeds US\$ 300 billion and the bilateral investment volume is US\$ 100 billion, which suggests that the importance that China attaches to economic cooperation does not deter it from political confrontation. There is abiding concern in the region, including India, over some of China's infrastructure projects that are seen as indicative of a maritime strategy, as for example developing ports in Myanmar, Sri Lanka and Pakistan, and seeking naval facilities in the Seychelles.

Large parts of Asia are dependent upon the waters of the Himalayan rivers and streams originating in Tibet, which feed the rivers flowing through South and South-East Asia, including major river systems like the Brahmaputra and the Mekong.<sup>13</sup> In its quest for water and hydroelectric power, China has announced plans earlier this year to build dams on some of these rivers. This has led to deep misgivings in the region about the impact these projects might have on the availability of water and on the ecosystem downstream. The Indian External Affairs Ministry's official spokesman said that the Chinese have been reminded of India's 'considerable established user rights to the waters of the river' (the reference here is to the Brahmaputra River) and that India's concerns had been conveyed at the highest levels to the Chinese side.

The Chinese responded that any new project would go through scientific planning and study with consideration of the interests of lower- and upper-stream countries. But they did not say that any consultations with these countries had taken place or would take place to ascertain their views and that these views would be taken into account. The assertion of the sole right of utilisation and exploitation of waters of river systems that encompass several countries is the kind of unilateralism that leaves neighbours without recourse. The intention behind building such dams might be to help augment water flows within China and to alleviate the severe carbon emission problems associated with thermal power – China's emissions are

the largest in the world in absolute terms – but it does not help in presenting a friendly face to the neighbours.

Unilateralism creates difficulties in seeking a cooperative mutual security arrangement in the region. It impels the region towards a need to accommodate ‘rising, emergent and resident powers’ as the Defence Minister of Singapore put it at the Munich Security Conference on 3 February 2013.<sup>14</sup> A greater involvement of the US in Asia, embodied in the doctrines of ‘rebalancing strategy toward Asia’, or a ‘pivot’, is made welcome. There is an expectation that India, as a large Asian country also on the rise, would be able to ‘balance’ China’s power. This places India in a difficult situation as it believes that a conflict of any kind, for any reason, would not be in the interests of the region. India is not unmindful of the several positions and actions that China has taken that are adverse to India’s interests. But the Indian approach is that threats to peace and stability in the region should be dealt with through a mixture of engagement, diplomacy, trade and adequate defence preparedness.<sup>15</sup> It is yet unclear how the regional interests of India and China could be made cooperative.

In BRICS, India and China are two of the bigger players. They have a history, as noted above, of conflicting interests, but there are prospects for cooperation and competition. They both remain mindful that they are each other’s largest neighbours; together, they are home to two fifths of the world population and are the two fastest growing economies. Clearly, it serves the interests of both to have friendly, cooperative relations at the bilateral level as well as in groupings like the BRICS. During his visit to India in 2006, President Hu Jin Tao stressed that China, desiring to build a strong and cooperative relationship based on shared and common interests, had taken a ‘long-term and strategic view’ of the relationship with India. He characterised the present phase in the relationship as marking a ‘new historic beginning’ signalling to the international community that India and China were willing to work hand in hand for long-term friendship and common development.

India and China have agreed to establish a strategic and cooperative partnership – a ten-pronged strategy. Among the tangible indicators of growing bilateral cooperation is the increasing volume of two-way trade which in 2011 amounted to US\$ 74 billion. China is India’s largest trading partner, and as such the two prime ministers have set a target of \$100 billion of two-way trade by 2015. On the Indian side there is a major concern over the US\$ 23 billion trade deficit in its bilateral trade with China. India is still seeking greater market access in China to reverse this trend. Another highly visible paradigm of partnership can be seen in environmental and climate change cooperation. The Copenhagen Summit demonstrated the commonality of interest shared by India and China on an issue that has

become central in global engagement and that will have incalculable consequences for the developmental requirements of both countries.

One should not minimise the many challenges that India and China still face in overcoming internal problems: maximising human and material resources for development, balancing growth with equity, distribution of resources and monies between its rich and poor enabling everyone to reach and exceed national averages, access to education, health and other social services, rural–urban disparities, migration, unevenness of standards of governance and system of laws, and, above all, keeping rates of economic growth above the rates of growth of population and inflow of labour into the market.

The Indian Prime Minister has spoken, often enough, about there being 'enough space' for both India and China to grow. This sentiment has been reciprocated by Xi Jinping, General Secretary of the Communist Party of China (CPC) Central Committee.<sup>16</sup> During a visit to China in January 2008, the Indian Prime Minister said the two countries must cooperate in creating a world of positive externalities and mutual prosperity, rather than one based on balance of power calculations and animosity. This requires India and China to work together to ensure a global order in which their respective development will have a positive influence domestically and also on the rest of the world. The Indian hope is that India and China can work together, avoiding confrontation and building trust, confidence and consensus.

Reform of global governance is one of the issues on which everyone is agreed. This calls for the restructuring of institutions like the UN Security Council. The US lauds India's democratic credentials as a model for other developing countries and recognises it as a regional power with the potential to emerge as a global player. Nonetheless, it refuses to endorse India as a permanent member of the UN Security Council, a position that would give it a seat at the high table of global multi-lateral governance. China would like to have India by its side in the many global economic battles, as well as topics like climate change, where it sees itself being targeted by the dominant powers. But in the bilateral and regional context, as has been noted above, it continues to take positions that are adverse to Indian interests.

The US and China – as also Russia, with whom India has no outstanding disputes – are averse to ratifying India's status as a *de jure* nuclear weapon state even as they accept that India is a responsible nuclear power. At the regional level, even though terrorism remains a major international concern as is evident from the Global War on Terror, little recognition is accorded to India's concerns arising from cross-border terrorism. This is despite the fact that the epicenter of terrorism affecting India and the West remains the same. India, thus, has to perform a balancing act taking into



account the contradictions between Indian aspirations and compulsions of global and regional approaches and policies of other major players.

India's global and regional role will, therefore, continue to be determined by its perception of its national interest. At this juncture, this means first and foremost economic growth, and consequently technology and markets, which would assure access to capital. The global economic order, particularly in the aftermath of the financial crisis, needs reform to ensure economic recovery and future growth. The threat of WMDs remains; there are new worries regarding failed or failing states or non-state actors coming to possess these weapons. Terrorism is a potent threat. The challenge before India is to ensure that the sustainability of its growth momentum and the preservation of its core value system are commensurate with its capabilities.

## INDIA AND BRICS

Can the BRICS transform themselves from an acronym signifying emerging economies to an association that can help refashion the global economic agenda and relationships? How consequential is India in this process? Having made it impossible for any one country to be a Global Leader, in the words of Jeffry Sachs, can the competing interests of its members sustain the cohesiveness of BRICS?<sup>17</sup>

'Partnership for Stability, Security and Prosperity' was the theme that BRICS fourth summit, held in New Delhi, India on 29 March 2012. Their convergence of interest was evident on topics such as the faltering global recovery, the effects of the financial crisis, the spreading European sovereign debt crisis and consequent risks and challenges to the emerging markets and developing countries. There are two levels at which issues arising from the global financial crisis need to be addressed. At the multi-lateral level, the BRICS have underlined the need to enhance international cooperation, reform global economic governance, reinforce South-South cooperation and South-North dialogue and make the emerging markets count for more in multi-lateral forums like G20 and the UN. The BRICS consider the role of the IMF to be critical and have indicated willingness to support IMF stabilisation efforts in the Euro-zone. In the process, the BRICS seek to augment their share in the decision-making process of the International Financial Institutions (IFIs).

The BRICS have committed jointly to provide US\$ 75 billion to boost the IMF's \$430 billion firewall. At the G-20 meeting in Los Cabos, Mexico the Indian Prime Minister pledged \$10 billion contribution.<sup>18</sup> This cooperation stems beyond just the Eurozone crisis, and the BRICS partners seek



to continue working together on joint goals – goals that are detailed in their Action Plan. Notably within the plan they seek to expand intra-BRICS trade and investment using their respective currencies. They also hold the prospect of creating a development bank.

More important, the BRICS need to improve their respective domestic performances to ensure that they maintain the rates of growth that propelled them to global attention in the first place. They need to ensure economic growth as this leads to improvement in people's livelihood. Major impediments include constraints of energy and food, as well as access to water.

The fact remains that the BRICS are still in the 'catch-up' stage. Despite being amongst the fastest growing economies, BRICS are not likely to attain the same levels of development as countries like the US for some years to come. They remain far behind in per-capita income, innovation and technology development and stable governing institutions.

There are significant differences in priorities, policies and prescriptions. Competition for resources and markets continues even though complementarities remain to be exploited. In a situation where growth rates of all BRICS economies are under pressure for one reason or another, how effective can they be in reviving the global economy's health and restoring order?

In India's case, economic policy makers are already speculating whether India can sustain its position amongst the fast-growing emerging economies to retain its status as a BRICS member. This takes into account some recent assessments of the slowing GDP growth, ballooning deficits and political roadblocks.<sup>19</sup> The Indian government remains optimistic that this is a passing phase and the Indian Growth Story will prevail. Encouraging data reinforces this sentiment. According to India's Central Statistical Office, India's household savings rate has stayed above 30 per cent (compared with less than five per cent in the US) and the private consumption rate is around 60 per cent (compared with China's 48 per cent).

The Finance Minister noted that the Foreign Institutional Investors (FII) continue to invest in India – \$12 billion in the first five months of the 2012 calendar year, the highest net FII inflow in the last five years for the corresponding period. The government is under considerable pressure to take decisive action to place the economy back on its growth trajectory, and the Prime Minister even promised to do this at the G20 meeting in Mexico. India has a considerable distance to traverse before it can secure itself as a robust pillar of a new global order where emerging nations have substantive say and sway. Nonetheless, the determination to do so is there.

## INDIA AND THE DUALITY WITHIN BRICS

The BRICS have to deal with a fundamental duality of interests within the organisation that has not yet been addressed and that could, potentially, pose difficulties. Commitment does exist with regard to the furtherance of economic growth and maintenance of peace and stability. But the emerging economies – India and China, in particular – are import dependent to a substantial extent, notably on energy. They have separate motives to develop strategies for market access, while minimising supply risks and ensuring affordability in price. These areas, competitive as they are, carry the seeds of either potential cooperation or conflict.

The experience of the last century when imperial powers took the unilateral route led to disastrous consequences and is clearly not the way forward. Instead, they need to pay attention to the compulsions of interdependence that demand an accommodative and cooperative approach, one that prevents conflicts and preserves global political stability.

Complicating this mix is an absence of long-term commitment to shared values among the BRICS nations. The concept of a world built on interdependence may be acceptable in the context of economic interaction, but there is a lack of consensus on the extent to which the BRICS wish to cooperate in the political sphere. There are differences in the political, economic and social paradigms that individual BRICS members are willing to follow.

This political cooperation, or lack thereof, is in stark contrast with the case of the US and European partnership, or even the IBSA grouping (India, Brazil and South Africa) which promotes a common commitment to democracy, individual liberties and a market economy. IBSA shares the unique bond of being pluralistic, multi-cultural and the largest democracies in their respective continents. It seeks to establish replicable projects in other developing countries. Democracy, in the long run, is a guarantor of the universal human values and fundamental freedoms that should form the basis of modern society. IBSA has to demonstrate the political will to be more robust in using its acceptance of these values as a substantive basis for ensuring a separate and independent existence of IBSA and in promoting the values it stands for. If not, IBSA runs the risk of being subsumed under the rubric of BRICS which, as noted earlier, does not have these values as the basis of its association.

Among the BRICS, China's economy is larger than those of the four other members combined, and its trade with each of the other BRICS partner is greater than that between any of the other BRICS members. The New Delhi BRICS Summit in 2012 emerged with a target of US\$ 500 billion for intra-BRICS trade by 2015, more than doubling the trade volume attained in 2011. If present trends of intra-BRICS trade continue, China will become an even

bigger partner with each of the BRICS members, unrivalled by countervailing trade relationships among other BRICS countries. BRICS partners need to assess how this would affect agenda setting, development of common positions and projection of the interests of the BRICS as a whole. The cohesion of the BRICS and its global role would have to be re-evaluated.

The BRICS have repeatedly called for a democratisation of the global order and decision making in international institutions. Since the world today is more interconnected and interdependent than ever, it is necessary that global institutions more truly reflect current – and changing – global realities rather than continue to remain in the time-warp of the immediate post-war world order. In order to bring about that transformation to ensure that the new dimensions of economic and security challenges are effectively addressed, the BRICS should seek the promotion of, and participation in, bi- and multi-lateral partnerships and dialogue processes. BRICS currently seeks to increase its voice in global governance, including within the United Nations and the International Financial Institutions (IFIs).

In some international financial institutions, they have already been able to make some headway. However, there is no movement to reform the UN Security Council, which still reflects the victors of the Second World War in its leadership structure. Two of the BRICS are permanent members; the other three are aspirants. A joint effort by BRICS nations to reform the UNSC and secure permanent membership for the other three would vastly enhance the political standing of the BRICS and the effectiveness of the role that they could play in international decision making.

## THE BALANCE

If India is to attain its economic potential, live up to the expectations of its Asian, ASEAN and BRICS partners and play the role it feels is its due, it needs to maintain sustained growth over a long period of time. India is growing at a rate faster than the Western economies and has a robust 36 per cent investment to GDP ratio. This is a solid base to build upon.

India's size, history and national ethos demand that it retain its strategic autonomy and independence in decision making and preclude the possibility of straitjacketing in alliances of any kind. This is best achieved by forging strategic relationships and partnerships with multiple partners to ensure a peaceful and stable external environment and cooperative relationships. This, in turn, would underpin political stability and facilitate economic growth through access to capital inflows, markets and technology. In order to succeed in that endeavour, India has to seek partnerships that extend beyond the region even as it pursues cooperative relationships

within the region. Its objective is the transformation of the current global order that now reflects the immediate post-war power structure, instead of mirroring current global realities. Doing so would give India a meaningful voice in global management and the membership of BRICS provides an opportunity to achieve this objective.

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## ENDNOTES

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- 2 Ibid. The emphasis is in the original text.
- 3 *Indian Express* 2 May 2012.
- 4 Remarks of the Governor, Reserve Bank of India. *Times of India*, New Delhi, 16 April 2012.
- 5 See, for instance, the report titled 'Decoding global economic miracles', *Indian Express* 3 May 2012 on the comments of Ruchir Sharma, author of the book *Breakout Nations: In Pursuit of the Next Economic Miracles* at the Express Adda on 28 April 2012.
- 6 Pew Global Attitudes survey, October 2010. The latest PEW global survey released on 12 July 2012 finds the economic mood is exceedingly glum all around the world. Yet, it notes that a plurality of Indians (45 per cent) sees a better economy on the horizon even as people are generally far more positive about their personal economic condition than they are about their nation's economic situation. Two thirds of Indians surveyed believe that most people can succeed if they are willing to work hard.
- 7 See, for instance, the PTI report, 3 May 2012, on the recent Barak Obama campaign ad, at [www.indiatimes.com/.../obama-to-spend-\\$780000-on-....](http://www.indiatimes.com/.../obama-to-spend-$780000-on-....) 'What about Mitt Romney? .... As governor, he outsourced state jobs to a call center in India. He's still pushing tax

breaks for companies that ship jobs overseas,' said the advertisement which will run in the key states of Virginia, Ohio and Iowa.

- 8 US Secretary of State Joint Press Briefing with Indian External Affairs Minister S.M. Krishna. Washington, 13 June 2012, at <http://m.state.gov/md192269.htm>
- 9 United States Defense Secretary, Leon E. Panetta, address at the Institute of Defense Studies and Analyses, New Delhi 'Partners in the 21st Century', 6 June 2012.
- 10 'The European Union in a changing world', speech by President of the European Council Herman Van Rompuy at the India International Centre, New Delhi, 10 February 2012, at [www.consilium.europa.eu/uedocs/cms\\_data/docs/.../127937.pdf](http://www.consilium.europa.eu/uedocs/cms_data/docs/.../127937.pdf)
- 11 Prime Minister Manmohan Singh's Address to Think-Tanks and Business Community, Yangon, 29 May 29 2012. Ministry of External Affairs, Government of India, at <http://www.mea.gov.in>
- 12 K. Subrahmanyam Memorial Lecture on India's National Security – 'Challenges and Priorities' speech of Shri P Chidambaram, Finance Minister, on 6 February 2013 at Delhi.
- 13 Tibet is the source of many of Asia's principal rivers. These include the Brahmaputra (Yarlung Tsangpo), the Indus (Senge Khabab), the Sutlej (Langchen Khabab), the Karnali (Macha Khabab), Arun (Phongchu), the Salween (Gyalmo Ngulchu), the Mekong (Zachu), the Yangtse (Drichu), the Hwang Ho or Yellow River (Machu) and the Irrawaddy. These rivers flow into China, India, Pakistan, Nepal, Bhutan, Bangladesh, Myanmar, Thailand, Vietnam, Laos and Cambodia.
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- 16 Chinese State Counsellor Dai Bingguo delivered a letter from Xi Jinping, General Secretary of the Communist Party of China (CPC) Central Committee, to Prime Minister Singh during his meeting on 10 January 2013 in New Delhi. He was attending the third meeting of BRICS High Representatives for Security Issues. Ministry of Foreign Affairs, China on 11 January 2013.
- 17 'The BRICS have made it impossible for any one country to be a global leader', Jeffrey Sachs, 23 April 2012, at [http://articles.businessinsider.com/2012-04-23/markets/31385697\\_1\\_imf-economies-gdp#ixzz2KD71cfiv](http://articles.businessinsider.com/2012-04-23/markets/31385697_1_imf-economies-gdp#ixzz2KD71cfiv)
- 18 Prime Minister Manmohan Singh's speech at the Plenary Session of the G-20 Summit, Los Cabos, Mexico, 18 June 2012, at <http://www.mea.gov.in/>
- 19 Standard & Poor's released a report on 8 June 2012 titled 'Will India be the first BRICS fallen angel?' India has the lowest S&P rating of all the BRIC countries and is the only BRIC country with a negative outlook from the rating agency.

## India's South-South and Emerging Power Dilemma: IBSA–BRICS Equation

*Hari Hara Subramaniam Viswanathan*

**T**he process of globalisation has had many consequences, both intended and unintended. One of the unintended consequences was the need to modify some of the old simplistic categorisations. A more sophisticated paradigm was needed to look at the new roles that many of the erstwhile developing countries started to play. It was no longer valid to divide the globe cleanly into the first, second and third worlds. Many developing countries like India, when they started emerging as fast growing economies, had to play multiple roles. One could even look at them as multiple identities. The fact that their economies were growing did not mean that they were no longer developing. That role continued to have relevance. So was the concept of South-South co-operation which proved to be an effective engagement between the developing countries during the Cold War days. Added to this is the emergence of a multitude of new multi-lateral groups. The aim of this paper is to look at these multiple identities of a country like India and the challenges involved in balancing them.

If we look at recent history, it will be evident that India, though a developing country with serious financial constraints, has been an active player in South-South cooperation. Many developing countries benefited from India's modest but effective cooperation over the past five decades. After the reforms and the opening up of the Indian economy in 1991, India started getting absorbed more and more into the global economy. Thanks to the IT and services sectors, India started playing a critical role in global economic growth. In the new millennium India has been registering impressive growth rates. After the global financial crisis of 2008, India was one of the few countries which continued to register positive growth. That is why India is included in the list of emerging powers. These achievements notwithstanding, India faces huge challenges in the areas of poverty reduction, inclusive growth, health, education and infrastructure. In that respect, it is still among the developing countries with low per-capita incomes. There are

also other identities that India has acquired by virtue of being a member of groups like IBSA, BRICS, RIC, G-20 and SCO. Are these different identities creating a dilemma for India and her foreign policy? Or can these be used to leverage India's increasing profile on the world stage? One has to note that these different identities are by no means mutually exclusive. There is a significant level of overlap in their areas of interest and issues. How India juggles these various identities successfully and harmoniously is the point of interest. It should also be remembered that this is not a situation peculiar to India. Many countries including other emerging powers face these challenges. It appears that, in a multi-polar world in future, the important poles need not be only nation states but influential poles could be formed by groupings like the above. Of course, there will be criss-crossing of convergences and divergences between the groupings and within this dynamic policies will evolve.

## **SOUTH-SOUTH COOPERATION**

This is a term which has been in existence for quite some time now. But until the end of the Cold War it was used in the context of North-South dialogue which meant engagement between the developed and the developing world. This was based on the 'donor-recipient' model and history has proved that the model was not effective enough to address the problems of poverty, growth and development of the 'third world', as it was described at that time.

'The concept of South-South cooperation had evolved from being concerned with geo-politics and opposing imperialism, global racism and colonialism to an emphasis on geo-economics and political economy.'<sup>1</sup>

The emergence of new economies like BRICS raises the important question of the benefits and prospects for the entire South. Should the poor countries of Asia, Africa and Latin America be circumspect when emerging countries like BRICS talk of South-South cooperation? The question also arises about the role and relevance of a group like the G-77. While it is true that the old rhetoric of the G-77 such as anti-imperialism, anti-racism and anti-colonialism and so on may be rather out-dated today, the group has a convergence of interests in various issues such as trade liberalisation and the Doha Round discussions. Differences in the levels of development among the G-77 countries notwithstanding, there have been broad similarities in their approaches to the major issues of the Doha Round. This is another example of South-South cooperation in play in a changed world.

The South-South Centre in Geneva reiterated, in November 2009, the principles of South-South cooperation as follows:

- South-South cooperation is a common endeavour of peoples and countries of the South for solidarity, economic independence and self-reliance.
- It is a development agenda based on premises, conditions and objectives specific to the historical and political context of the developing countries.
- It is based on a strong, genuine and broad-based partnership and solidarity.
- It is based on complete equality, mutual respect and mutual benefit.
- It respects national sovereignty in the context of shared responsibility.<sup>2</sup>

South-South cooperation in the modern context as envisaged by BRICS and IBSA can easily fit in with these principles. With a long-term vision and pragmatism as opposed to political rhetoric, it is possible to give meaningful content to South-South cooperation.

Globalisation and the rise of new emerging economies have changed the entire paradigm of engagements. Even during the Cold War and neo-colonial times modest levels of cooperation existed between the developing countries. There was a constant effort to improve upon and enhance such cooperation. The UN appointed a South-South commission in the late 1980s consisting of eminent economists and thinkers to come up with recommendations for such enhancement. The question raised was 'why should co-operation be measured only in monetary terms?' Can there be other forms of cooperation with minimum outflow of financial resources? Can the developing countries benefit from each other's experiences and share knowledge and best practices? It was within these parameters that South-South Cooperation was conducted in the pre-globalisation period. Developing countries benefited from each other's strengths and core competences.

India was a leading player in South-South cooperation in those days even though her economy was weak and there were not enough financial resources. In view of these constraints, India concentrated on its core strengths to cooperate with the countries of Asia, Africa and Latin America. These were in the sectors of human resource development, capacity building, small and medium industries and, after the Green Revolution in India in the 1970s, in agriculture. The Indian Technical and Economic Cooperation (ITEC) Programme has often been cited as a shining example



of South-South cooperation. Being the flagship of India's cooperation initiative with the developing world, this programme needs to be described in greater detail.

The ITEC Programme was instituted by a decision of the Indian Cabinet on 15 September, 1964 as a bilateral programme of assistance of the Government of India. This programme came out of the vision of Prime Minister Jawaharlal Nehru for serious economic engagement between the newly independent countries. It was an earnest attempt by India to share its experiences in socio-economic development with other developing countries. Even though envisaged essentially as a bilateral programme, there have been instances of technical cooperation on regional and inter-regional contexts. Some examples of this are: Economic Commission for Africa, Industrial Development Unit of Commonwealth Secretariat, UNIDO, G-77 and G-15. There have also been projects for ASEAN, BIMSTEC, AU and IOR-ARC.

The ITEC Programme is fully funded by the Government of India. 158 countries in Asia, Africa and Latin America are invited to participate in the cooperation. As a result of the Programme, India has earned considerable goodwill in the developing world.

- The ITEC Programme has the following components:
- Training (civilian and defence) in India of the nominees of the partner countries
- Projects and project related activities such as feasibility studies
- Deputation of Indian experts abroad
- Study tours
- Donation of equipment
- Aid for disaster relief.

India's strength has been in the field of human resource development and capacity building. Therefore, the training aspect occupies pride of place in the ITEC Programme. A total of 42 institutions in India conduct around 200 short, medium and long-term courses every year. The uniqueness of these courses lies in the fact that they are demand driven. Subjects are chosen on the basis of requests from partner countries so that they contribute, in a practical way, to the skills of the professionals. IT, Telecom, Agro-based topics, Small and Medium Industries, Audits and Accounting are some of the favourite subjects. Around 5 000 slots are allocated for the partner countries for these courses every year.<sup>5</sup>

## EMERGING INDIA

Thus, India's credentials as a developing country fully committed to South-South Cooperation even when she was not economically strong are well established. What happened when India started to emerge as one of the promising economies? It started with the reforms of the Indian economy in the early 1990s. By the beginning of the 21<sup>st</sup> century, this process had gained enough momentum for India to be included among the most significant emerging powers. Subsequently, India was inducted into the G-20 as well. How did these developments impinge on India's commitment to South-South cooperation? Did it continue to have relevance for India? Did India need to modify some of the aspects of its cooperation with other developing countries? In answering these questions, one should also look at the changed scenarios of the developing world itself.

The last decade of the 20<sup>th</sup> century and the first decade of the present one saw unprecedented changes in the socioeconomic and political landscape of practically the entire developing world. This was more pronounced in the case of Africa. It has been rightly called the 'resurgence of Africa' and has been a remarkable achievement. The continent registered an average of four to five per cent growth per annum in its GDP from 2000 onwards. Moreover, the only other region, apart from Asia, that registered positive growth after the Global Financial Crisis of 2008 was Africa. On the political side as well, Africa seems to be stabilising with increasing democratic governance and decreasing military coups and violent transfers of power. These changes have also had some very important effects on India's engagement. Considering the growing economies on both sides and the consequent changes in their priorities, India and Africa have fine-tuned the nature of their cooperation to take into account the new realities. India's engagement with Africa has always been at all three levels. While bilateral cooperation has been the bedrock of engagement, there have also been agreements with the various regional organisations of Africa. India is an Observer at ECOWAS, SADC and EAC etc. These engagements have resulted in many mutually beneficial projects on a regional scale. India is also an Observer at the AU and a non-regional member of the African Development Bank. These participations have helped India in contributing to the development of the continent in a significant manner.

With the changing profile of the economies of India and Africa as well as the changing priorities, there has been a need to constantly readjust the cooperation mechanisms. New initiatives and new platforms have had to be established in order to make the engagement more productive. One such platform is the India-Africa Forum Summit. This platform was envisaged to be different from the normal engagements that many other countries have

with Africa where all the countries participate in the summits. India, on its part, wished to design the engagement in accordance with the wishes of the African countries themselves. In the Banjul (The Gambia) Summit of the AU in 2006, the question of Africa's participation in partnership summits with other countries was addressed and in the final declaration, known as the Banjul Consensus, the modalities were spelt out. Accordingly, India engages with a representative group of African leaders chosen on criteria such as current and past heads of regional organisations, founding members of NEPAD etc. Experience so far has shown that this mechanism has worked well, particularly because all African countries abide by the decisions taken at the India-Africa Forum Summits. Comparing these summits with those organised by China (FOCAC) or Japan (TICAD), some commentators have remarked that the number of African heads of states and governments participating in the Indian Summits is far less than in the other two. The precise reason for this is that only a certain number of leaders are invited according to the Banjul Consensus Guidelines, and this is as per the wishes of the African nations themselves.

The India-Africa Forum Summits have added a new dimension to South-South cooperation. It takes into account the changed global realities and the increasing roles that India and Africa are playing in the international arena. So far two summits have been held – the first in New Delhi in April 2008 and the second in Addis Ababa (Ethiopia) in May 2011. The results of the two summits have been very satisfying. At the New Delhi Summit in 2008, a set of seven areas were chosen for intensive cooperation. India unilaterally offered preferential market access to exports from 34 Least Developed Countries (LDCs) in Africa. Additional Lines of Credit (LOCs) amounting to US\$5.4 billion were announced for the period from 2008 to 2013. The number of ITEC slots was increased from 1 000 to 1 600 per year. There was also a doubling in the number of scholarships for graduate and post-graduate studies.<sup>4</sup>

The second summit in May 2011 carried forward the initiatives of the first summit. Another US\$5 billion of LOCs was announced. In addition, there were commitments for \$700 million for new institutions and training programmes and \$300 million for the Ethiopian-Djibouti railway line. Clusters in the areas of food processing, textiles, weather forecasting and agricultural and rural development were to be established. The aim was to train African youth in these sectors in their own countries. The total commitment in scholarships for the next three years was to be more than 22 000.<sup>5</sup>

## NEW GROUPINGS

An important development of the new century was the formation many new multi-lateral groupings like G-20, BRICS, IBSA, BASIC, RIC and SCO. This was a natural evolution due to the ever-increasing complexity of the global scene, particularly on economic and environmental issues. Like-minded countries on specific issues found it useful to engage and interact in these groups. As can be seen from the acronyms, there is a criss-crossing of memberships of nations in these groups. The point to be noted is that each forum attempts to bring in new perspectives and ideas on the specific issues in which it has a stake and expertise. The most important development in the evolution of these new groups from the developing countries' point of view is the formation of G-20. After decades of prodding by the developing world, the developed countries realised the wisdom in including the emerging economies in global financial decision making. The fact that G-20 today is the premier global forum for addressing financial and economic issues is a great victory for the developing countries.

## IBSA VS BRICS

Of all the groups mentioned above, two stand out in the context of South-South cooperation. These would be BRICS and IBSA. Much has been written about both. There are great expectations from both these groups. India plays a very significant role in both and therein lies India's dilemma and challenge.

Both IBSA and BRIC (and later BRICS) came into existence in the first decade of the 21<sup>st</sup> century. Both were outcomes of the changed international situation, particularly on the economic side. The evolution of the two groups had several distinct characteristics. One common aspect is perhaps the universal recognition of the relevance of the groups. The other significant aspect is the message that the creation of these two groups has sent out to the world, namely that the time has come for emerging economies and developing countries to have a greater voice on issues of global importance.

In assessing the roles of BRICS and IBSA, there have been positive as well as negative interpretations regarding the conflict and competition between them. These are the questions raised: Are both necessary? Are they working at cross purposes? Is there unhealthy competition among them? Is there suspicion between the two? And how do the two fare on the question of South-South cooperation?

To enable us to address these questions, it is essential to understand the two groups in greater detail, beginning with their creation and their

evolution. It should be remembered that both the groups are works in progress. They are not the end points but road maps for an eventual multi-polar world in the true sense of the term.

Let us take IBSA first. This is the older group among the two. This is also more cohesive in terms of concept and similarities. The idea was to have a group of three democracies from three different continents having gone through the same problems of colonisation and exploitation. The three countries are more or less in the same stage of socioeconomic development and are facing similar problems and challenges. The three pillars on which IBSA rests are as follows: democracies from three different continents, intra IBSA interaction and South-South cooperation. From the point of view of this chapter, the last pillar, namely South-South cooperation, is of special relevance. This was an idea incorporated into the objectives of the group from its very inception. All the five IBSA summits including the latest one in Tshwane in South Africa in October 2011 laid special emphasis on South-South cooperation. The Tshwane Declaration of 18 October 2011 states that 'the Leaders undertook to continue to advance the agreed principles underlying South-South cooperation. It is a common endeavour of peoples and countries of the South, a partnership among equals, and must be guided by the principles of respect for national sovereignty, national ownership and independence, equality, non-conditionality, non-interference in domestic affairs and mutual benefit.' They went on to affirm the complementary nature of this cooperation by insisting that it is not a substitute for North-South cooperation.<sup>6</sup> The effective mechanism for this is the IBSA Trust Fund created in 2004. Its purpose was to identify replicable and scalable projects that can be implemented easily and can also be replicated in many other developing countries. The focus of the projects was on poverty reduction, capacity building, healthcare, safe drinking water and sustainable development. Each country contributes only a modest amount of US\$1 million per year to the fund. It is the selection of projects and the efficient implementation that have made the fund a big success and worth emulating.

Some of the successful projects under the IBSA Trust Fund are outlined below:

- Burundi: Strengthening infrastructure and capacity to combat HIV/AIDS; Total Budget US\$ 1 145 630.
- Cambodia: Comprehensive service development for children with special needs; Budget US\$ 999 739.
- Cape Verde: Refurbishment of healthcare infrastructure; Budget US\$ 37 236.
- Cape Verde: Provision of safe drinking water; Budget US\$ 1 600 000.

- Guinea-Bissau: Development of agriculture and services to rural communities; Budget US\$ 855 000.
- Haiti: Collection of solid waste and recycling; Budget US\$ 1 970 350.
- Lao PDR: Irrigation of Nam San River Basin; Budget US\$ 1 023 000.
- Palestine: Construction of multi-purpose sports facilities; Budget US\$ 1 000 000.

These are testimony to the cost-effectiveness and the socio-economic relevance of the projects. In the Tshwane Declaration, the IBSA leaders 'highlighted the importance of the IBSA Fund as an instrument to alleviate poverty and hunger and a useful vehicle for meaningful South-South Cooperation.'<sup>7</sup> It is worth mentioning that the IBSA Fund received the UN South-South Partnership Award in 2006. In 2009, an exhibition on the projects developed was showcased in New York, Washington and Nairobi.

The political aspect of IBSA is self-evident. Here are three emerging developing countries that aspire to be permanent members in an expanded UN Security Council. They feel, and justifiably so, that they have all the right credentials to be in the UNSC. They have, of late, been increasingly coordinating their positions on many global political issues and have not hesitated in articulating those positions in the appropriate fora.

Trilateral economic cooperation has been an important pillar right from the inception of IBSA. At the Brasilia meeting in 2003, five areas were identified: trade, investment, tourism, defence and science and technology (including IT and energy). To promote trade, a complex structure is being put in place for realising a trilateral trade agreement (TTA) involving Mercosur, SACU and India. The first two stages in this have already been achieved with the signing of preferential trade agreements (PTAs) between SACU and Mercosur in April 2009 and between India and Mercosur in June 2009. It is hoped that a PTA between India and SACU will be finalised soon. When this happens, it will be the largest trade agreement in the developing world.<sup>8</sup>

IBSA also has a tri-lateral geo-strategic logic. This arises out of the idea of a 'Gondwanan' maritime link between the South Atlantic and the Indian Oceans. It was based on this logic that the three regional powers instituted IBSAMAR (India-Brazil-South Africa Maritime Exercises).<sup>9</sup> There have been some activities under this framework. There have been sailing regattas and two tri-lateral naval exercises, IBSAMAR 1 and 2. The objectives of the exercises were inter-operability to foster mutual trust and coordination an enhanced readiness for combined operations and offensive operations in the sea. With the menace of piracy looming large in the Indian Ocean region, IBSAMAR cooperation has achieved greater significance. However, the initiatives taken so far are nowhere near the potential that exists. It will depend on the individual and collective political will of the three countries

to take it to higher levels of cooperation to realise their aspirations in this regard.

BRIC started as a catch phrase coined by Jim O'Neill of Goldman Sachs in his seminal paper 'Building Better Global Economic BRICs' of November 30, 2001. It was mainly a list of very promising investment destinations for the corporate interests in the USA and Europe to take advantage of. With the growth rate in those areas stagnating, Jim O'Neill argued that the future of global economic growth would be driven by countries like Brazil, Russia, India and China. The global financial crisis of 2008 further reiterated the argument. South Africa came into the group in 2011 at the third summit in Sanya (China). The addition of South Africa, apart from including one member from the great continent of Africa, sent out a symbolic message that BRICS has outgrown the Goldman Sachs acronym. It is no longer a mere investment destination list; instead here are five emerging economies which have many things in common, the most important of which is a shared new perspective on global issues and the articulation of an alternative trajectory for growth and development. With four successful summits, BRICS has come a long way. It no longer restricts its discourses to intra-BRICS cooperation and reforms of global financial institutions (as in the first two summits) but has ventured into articulating its points of view on global political issues. This was only to be expected. Given its high profile and the increasing economic weight in the global forums, it was a natural progression for BRICS.

What is the role of BRICS in South-South cooperation? In a way, all the intra-BRICS cooperation initiatives could fall under this rubric. But does BRICS also reach out to other developing countries? The answer is definitely in the affirmative. The summit declarations have steadily increased the number of ideas and initiatives in this regard. Take the latest summit, for example. The Delhi Declaration of 29 March 2012, while talking of larger issues of interest to the developing world – such as increasing their representation in global financial institutions, the need to finalise the Doha Development Round, climate change and sustainable development – also talks specifically of the Millennium Development Goals (MDG's) and NEPAD.<sup>10</sup> The proposal to study the feasibility of a BRICS Development Bank will eventually benefit all developing countries.<sup>11</sup> This is envisaged as a supplement to the existing efforts of multi-lateral and regional financial institutions.

The normal criticism regarding BRICS among the sceptics is the lack of a common thread among the five countries. They still think in terms of the old template of groups being formed on the basis of regions (EU, ASEAN and SAARC etc.) or ideologies (OECD and the former COMECON) or commodities (OPEC, Coffee Producers' Club etc) or technologies (NSG, MTCR



etc). In today's globalised world, with criss-crossing interests among the developed, emerging and developing countries, the old templates have to be modified. The 'glue', as they say, of BRICS is the convergence of approach to many global issues among five emerging economies which have adapted well to the globalisation process and find themselves in a similar situation in their growth and development trajectory.

Issues addressed by BRICS can be broadly put into three categories. The first and the most important is the reform and restructuring of the global financial institutions. Some progress has been achieved in this regard, but continued pressure is needed to reach the desired result. The second pertains to intra-BRICS issues. This refers to cooperation among the BRICS countries in the fields of trade, investment, learning from each other and sharing of experiences in sectors like inclusive growth, health, education, urbanisation, food and energy security etc. The third set of issues is global political questions on which the BRICS countries are increasingly coordinating their positions and articulating them effectively. It is worth noting that in the first two summits in Yekaterinburg and Brasilia international political questions were hardly addressed. In the Sanya and New Delhi Declarations, developments in Libya, Syria and Palestine found prominent mention. This trend will only gain momentum as the BRICS nations stake their claim to project an alternative perspective on global issues.

How does the BRICS-IBSA equation work? This is a topic that has been discussed at great lengths in the seminar circuits. Because of the high visibility of BRICS many felt that IBSA would gradually become irrelevant. But the fact is that this does not seem to be happening. The fifth IBSA Summit in South Africa and the Tshwane Declaration are proof enough for the vibrancy of the group. Some argue that Russia and China may be attempting to undermine IBSA and absorb it fully into BRICS. Though there may be some logic in this, the commitment of the IBSA countries to the forum seems to be firm.

While talking of the BRICS-IBSA equation, it is necessary to see each one's core competence and its context. In an article in the publication 'BRIC in the New World Order', Mr. Siddharth Varadarajan rightly describes BRIC as follows: 'BRIC is not RIC+B; it is not what G7/8 is not; it is not IBSA+2; it is not an adversarial 'pole' in a multipolar world; it is not a substitute for bipolar outreach; it is not a substitute for the Chang Mai Initiative.'<sup>12</sup> This description will certainly hold true for the expanded group, BRICS.

Some analysts argue that the relevance of IBSA is more critical for India than for Brazil and South Africa. This is because they see the issue in the prism of India-China rivalry. They argue that if BRICS absorbs IBSA there will be adverse geopolitical implications for India. Yes, there are serious issues between India and China. But this has not prevented both



from cooperating effectively in the BRICS framework. So far as India is concerned, she does not have to see all global issues in the India-China prism. For India, IBSA is a stand-alone platform for a new paradigm in the trilateral relationship. There will, of course, be overlapping areas of interest and issues for both BRICS and IBSA. This is more than evident from the declarations of the two summits. But a careful analysis will show both a shift in focus and nuance on the pronouncements.

What is the best way to keep both IBSA and BRICS relevant? What initiatives can contribute to the continued positive evolution of both? First, the ever-increasing agenda of both notwithstanding, the two groups should focus on their core objectives and core strengths. For BRICS, it would be mostly economic and financial issues, reform of global financial institutions and a robust intra-BRICS cooperation cutting across various sectors. No doubt, international political issues will be addressed; but the basic character of BRICS will remain that of five emerging economies with increasing global influence. Their efforts towards reforming the global financial institutions are already yielding results. The quotas and voting powers of the developing countries in the IMF and World Bank have been increased by modest levels and it is hoped that this process will continue. Thanks to the increasing clout of BRICS and other emerging economies, G-20 has today become the premier forum for addressing global economic and financial issues replacing the G7/8. These are no mean achievements. IBSA, on the other hand, was created more as a political group with a very strong stress on South-South cooperation.

The second important factor would be to avoid duplication of activities and initiatives by the two groups. Some overlap cannot be avoided but a judicious use of precious resources would dictate that such duplication be restricted to the bare minimum. It is also evident that, in the current context, IBSA will have the harder task of keeping up its relevance. Two areas discussed earlier – namely South-South cooperation and IBSAMAR – provide the best opportunities for this. The activities of the IBSA Trust Fund will have to be enhanced and the carefully selected and efficiently implemented projects should become shining examples of South-South cooperation which could be easily replicated. Simultaneously, IBSAMAR could become a well established institution giving the group a new geopolitical significance. With security of sea lanes of communication becoming more and more important, IBSAMAR could bring to the table new ideas and initiatives. As the Indo-Pacific region is talked about in various fora, one could envisage positive developments in the Indo-South Atlantic region which, in the coming years, will see an increasing flow of goods.

The best way for the two organisations to evolve will be to see each other as complementary and not as competitors. South African President

Jacob Zuma remarked in his parliament on 17 March 2011 that 'Pretoria values its IBSA membership' and added that 'IBSA will become stronger, with South Africa now as a member of BRICS, more especially since the mandates of BRICS and IBSA complement each other.'<sup>13</sup>

## CONCLUSION

The evolution of new multi-lateral groupings seems to be the trend in the new millennium. As an emerging power, India will be required to play constructive roles in many of them. This may pose challenges for India's foreign policy, but at the same time this could also be looked upon as the opening of new opportunities.

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## India and the Indo-Pacific in New Delhi's BRICS Calculus<sup>1</sup>

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**T**he Brazil-Russia-India-China-South Africa (BRICS) grouping has attracted much derision from commentators who argue that the five countries do not share a common purpose or identity.<sup>2</sup> Indeed, even India's Prime Minister, Manmohan Singh, when recently asked about a possible merger between the India-Brazil-South Africa (IBSA) trilateral forum and the BRICS grouping, responded that, 'IBSA has a personality of its own. It is three separate continents, three democracies. BRIC is a conception devised by Goldman Sachs. We are trying to put life into it'.<sup>3</sup> This chapter examines the potential to put life into the BRICS, within the context of India's foreign policy and the emergence of the Indo-Pacific region.

The chapter begins by analysing the rise of the 'Indo-Pacific' region as a geopolitical and geo-economic space. The emergence of the Indo-Pacific is both a threat and an opportunity for India. It is a threat because the Indo-Pacific is increasingly becoming the site of global geo-economic and geopolitical competition. India risks being co-opted into American attempts to shape the region in ways that perpetuate its dominance over China, and becoming embroiled in geo-economic competition and conflict over land and resources. However, as the second part of this chapter argues, the selective multi-lateralism of the BRICS could be a means of maintaining India's independence and autonomy from the United States (US) while also engaging with China, thereby ensuring the region's political stability and creating an environment conducive to India's economic growth and development. Despite their significant differences, the BRICS at this juncture have some common foreign policy goals, which in recent times have led to the adoption of similar positions on dealing with key international events such as Iran's nuclear programme and the conflicts in Libya and Syria. Moreover, Indian policymakers have also identified several areas of potential BRICS cooperation including collaboration in the food and energy sectors, two areas that have become important foreign policy issues for India due to

their central role in India's development, and are also key potential areas of geo-economic conflict in the Indo-Pacific. The prospects and problems associated with such collaboration will be explored in the final section of the chapter.

## THE REGIONALISATION OF THE INDO-PACIFIC

The rise of India and China has contributed to the emergence of an 'Indo-Pacific' region that straddles the area between the Indian Ocean from the eastern coast of Africa to the Western Pacific Ocean. During the last 20 years, intra-Asian trade has rapidly eclipsed East Asia's trade with North America across the Pacific. Intra-Asian trade in 2010 amounted to \$2 264 billion, trailing only the European Union at \$3 998 billion and dwarfing North America's trade with Asia at \$413 billion. At the same time, Africa's trade with Asia has also rapidly increased and at \$123 billion is only smaller than its trade with Europe at \$184 billion.<sup>4</sup> With Africa's trade with Asia growing faster than with any other region and China and India's enormous need for resources, Africa's integration into the 'Indo-Pacific' is set to deepen. This market-driven process of proliferating transnational trade, investment and production linkages has produced a form of regionalisation that Prasenjit Duara describes as a 'relatively unplanned or evolutionary emergence of an area of interaction and interdependence'.<sup>5</sup> However, this unplanned process is now starting to have a political impact, as a 'more active, often ideologically driven political process of creating a region', has emerged in the Indo-Pacific and is being led by the US in an effort to maintain its claims to global leadership.<sup>6</sup> According to a recent US Government Strategic Plan for instance, 'U.S. economic and security interests are inextricably linked to developments in the arc extending from the Western Pacific and East Asia into the Indian Ocean region and South Asia, creating a mix of evolving challenges and opportunities'.<sup>7</sup>

India has been given a key role in this American-driven regionalisation of the Indo-Pacific, as the Secretary of State Hillary Clinton made clear in a recent speech in India:

...today, the stretch of sea from the Indian Ocean through to the Pacific contains the world's most vibrant trade and energy routs linking economies and driving growth. The United States has always been a Pacific power because of our very great blessing of geography. And India straddling the waters from the Indian to the Pacific Ocean is, with us, a steward of these waterways. We are both deeply invested in shaping the future of the region that they connect. And there are big questions for us to consider. Will this region adopt basic rules of the

road or rules of the sea to mobilise strategic and economic cooperation and manage disagreements? Will it build the regional architecture of institutions and arrangements to enforce international norms on security, trade, rule of law, human rights, and accountable governance? ...The United States believes that is a very good thing because we believe our visions for the future are very much similar.<sup>8</sup>

As the Strategic Plan mentioned above notes, the US is 'investing in a long-term strategic partnership with India to support its ability to serve as a regional economic anchor and provider of security in the broader Indian Ocean region'.<sup>9</sup>

As Gearoid O Tuathail has argued, national security elites have the 'power to write international political space by constituting, defining and describing security, threats and perceived enemies in regularised ways'.<sup>10</sup> They do so by generating 'particular "scripts" in international politics concerning places, people and issues. Such "scripts" then become part of the means by which hegemony (in a Gramscian sense) is exercised in the international system'.<sup>11</sup> The particular 'script' being written about the Indo-Pacific by the American national security elites represents the region as a source of anxiety, for its rise is a marker of the US's declining power to define what Clinton above describes as the 'basic rules' and 'international norms' of the international system. Gaining discursive hegemony over the process by which the region's threats and challenges are represented, however, offers an opportunity for the US to shape this transition of power in ways that buttress its position as the world's leading strategic power and rule maker. The impetus behind Clinton's regionalisation of the Indo-Pacific is the threat posed by China to US primacy, in general, and by Chinese naval expansionism in the Indian Ocean, in particular. The deployment of US marines to Northern Australia and Hillary Clinton's assertion that the US is 'expanding our alliance with Australia from a Pacific partnership to an Indo-Pacific one' is one reaction to this.<sup>12</sup> Another reaction is the long-term strategic partnership that the US seeks to build with India, which positions it as a counterweight to China in the Indian Ocean. However, it is far from clear that India will obligingly fulfil the role the US seeks for it.

## INDIA, THE INDO-PACIFIC AND THE GEOPOLITICAL VALUE OF THE BRICS

Several Indian analysts and former diplomats have embraced this US geopolitical script on the Indo-Pacific.<sup>13</sup> For most of these analysts, the Indo-Pacific concept ties India more closely with the democracies of the region, the US, Australia and Japan. For Hemant K. Singh, India's former

Ambassador to Japan and Indonesia, the three 'maritime democracies' of Japan, India and the US, 'should take a leading role in shaping the economic and security architecture of the Indo-Pacific'.<sup>14</sup> According to Raja Mohan, 'Central to the creation of a pan-regional identity in the Indian Ocean is an active and enduring collaboration between India, Australia and other like-minded countries in the littoral'.<sup>15</sup> Moreover, 'Delhi's changing maritime orientation provides a perfect foil to the changing U.S. approach to the Indo-Pacific'.<sup>16</sup> In a slightly different vein, former Foreign Secretary Shyam Saran also focuses on the potential for closer collaboration with Japan, Australia, Indonesia and other South-East Asian countries and suggests that rather than the US absorbing India into its strategic vision, the US acknowledgement of the Pacific and Indian Oceans as an 'inter-linked geopolitical space' reflects 'how we perceive our own role in the region'.<sup>17</sup> In turning the 'Indo-Pacific' into an 'operational concept', Saran 'would not exclude' collaboration with China, but 'it will have to decide whether it is ready to embrace an inclusive approach to dealing with the new challenges or insists on an exclusionary strategy, based on a narrow definition of its own security interests'.<sup>18</sup>

Serving Indian officials and leaders have thus far been cautious in using the term 'Indo-Pacific'. India's Ambassador to the US, Nirupama Rao cited 'Indo-Pacific maritime cooperation' as being beneficial for the two countries and, in a speech in Washington, India's current Foreign Secretary, Ranjan Mathai, argued that an India-US partnership was 'important for building a stable, prosperous and secure Asia-Pacific region – or, as some here have begun to call it, the Indo-Pacific region' for '[t]his is a region of unprecedented transitions and unsettled questions, but what is clear to most of us is that many of the greatest opportunities as well as challenges of the 21<sup>st</sup> century lie in this region'.<sup>19</sup> Mathai went on to note that India did not want to see the Indian Ocean 'emerge as a contested common' and stressed the need for a 'stable and cooperative relationship with China that is mutually beneficial, and also a source of regional stability and prosperity'.

Mathai's 'scripting' of the Indo-Pacific, therefore, is one in which India maintains its autonomy from the US and in which China is seen as a potential collaborator. Autonomy or nonalignment have long been key features of India's foreign policy and this remains the case today.<sup>20</sup> Saran and others in India's foreign policy establishment have argued that India will not pursue a foreign policy based on seeking alliances, but rather will be issue driven, 'working with shifting and variable coalitions rather than through settled alliances or groupings'.<sup>21</sup> This is in line with India's foreign policy tradition of nonalignment and also with India's focus on economic development, which in recent years has come to be the driver of its foreign policy. As India's National Security Advisor Shiv Shankar Menon has put it:

I proceed from the assumption that our primary task now and for the foreseeable future is to transform and improve the life of the unacceptably large number of our compatriots who live in poverty, with disease, hunger and illiteracy as their companions in life. This is our overriding priority, and must be the goal of our internal and external security policies.<sup>22</sup>

Consequently, rather than advocating for a democratic alliance at the heart of the Indian Ocean like the Indian analysts above, Menon has asserted that the extent to which India becomes 'a net provider of security in the Indian Ocean and our neighbourhood would depend on how it contributes to India's own transformation'.<sup>23</sup>

The BRICS is one of the 'shifting and variable' coalitions that could play a key role in India's attempt to regionalise the Indo-Pacific according to its preferred vision, which prioritises the creation of a region that provides a stable, conflict-free environment conducive to India's economic development. The cooperative setting provided by the BRICS forum provides an avenue of engagement with China, which is essential since, according to Menon, 'India's interest is clearly in an inclusive world order, with China as one of its cooperative members', which is only possible through 'much better communication between India and China, and no misunderstanding of each other's actions and motives'.<sup>24</sup> The greatest amount of maritime traffic in the world occurs through the seas and straits of the Indian Ocean and the western Pacific Ocean and India and China are both increasingly dependent on this maritime trade, in particular, for energy and resources. As de Vivero and Mateos have argued, India and China thus now form a 'single geo-maritime scenario' with significant inter-dependence between them.<sup>25</sup> This has the potential to lead to tensions, particularly in relation to maritime jurisdiction and the expansion of naval capability – China's disapproval of the deal between ONGC Videsh, the international arm of India's national Oil and Natural Gas Company (ONGC), and Vietnam to begin oil exploration projects in the disputed South China Sea is a case in point – it also provides incentives for cooperation over issues such as piracy and ocean governance.<sup>26</sup> Indeed, India, China and Japan have already embarked on coordinating their navies for anti-piracy operations in the Gulf of Aden and China and India has begun discussions on maritime cooperation and sharing oceanographic research data.<sup>27</sup>

Aside from India and China, the other BRICS countries also increasingly have a maritime focus, including in the Indo-Pacific. Given that the bulk of South Africa's maritime trade flows through the Indian Ocean, it has a significant stake in the region's stability. While Brazil's traditional maritime focus has been on the Atlantic Ocean, its trade with countries in the Indo-Pacific has risen sharply in the past five years and it has become



active in the Indian Ocean through joint biennial IBSAMAR (India-Brazil-South Africa Maritime) military exercises with South Africa and India, its partners in the IBSA (India-Brazil-South Africa) forum as well as in the BRICS. Russia has long had a maritime focus on the Pacific but in 2008 and 2010 it also held military exercises in the Indian Ocean, a region through which an increasing amount of its trade and resources is flowing. India could gain considerable support from its partners in the BRICS, therefore, in keeping the Indo-Pacific free of the geopolitical competition that could result from an exclusivist US-centric form of regionalisation.

Moreover, contrary to critics that allege a lack of common purpose among the BRICS, their recent approach to conflicts in the Indo-Pacific region suggest that, despite their significant foreign policy differences and differing motivations, the BRICS do at present share similar foreign policy goals, in particular in relation to military interventions and threat perceptions, which sets them apart from Europe and the US. All of the BRICS, for instance, have resisted the imposition of sanctions against Iran for its alleged pursuit of nuclear weapons, and the 2012 BRICS Delhi Declaration urged a political and diplomatic solution through dialogue.<sup>28</sup> China, South Africa and especially India are importers of Iranian oil while Russia and Brazil both have important trade and investment relationships with Iran. Brazil, moreover, has in the past sought to act as a mediator between Iran and the West in a bid to buttress its desire 'to insert Brazil into the world as a major country'.<sup>29</sup> On the other hand, China and Russia have varying degrees of rivalry with the US, which has been leading the push for further sanctions and has a hostile relationship with Iran. India's motivations with regard to Iran centre on its energy needs, its desire to maintain a long-term friendly relationship and its resistance to being pressured into following the dictates of other countries. Indeed, although India voted in favour of finding Iran non-compliant in the International Atomic Energy Agency in 2005 and 2006 during the negotiations for the India-US deal on nuclear energy cooperation, in recent years, resisting further US pressure to isolate Iran has become a marker of India's independence.<sup>30</sup>

With the exception of South Africa, all the BRICS also abstained from voting for Resolution 1973 which resulted in a NATO-led military intervention in Libya. South Africa later withdrew its support for the intervention. India has justified its reluctance to support military intervention in Libya on the basis of prudence about the consequences of the use of force and the economic impact of instability in the Middle East given the millions of jobs occupied by Indian migrant workers.<sup>31</sup> However, India, South Africa and Brazil are more ambivalent toward the 'responsibility to protect' (R2P) idea than are China and Russia and this is reflected in Brazil's advocacy of a modified 'responsibility while protecting' doctrine, which has been

endorsed by India and South Africa in an IBSA declaration and seeks to address one of the key criticisms of the R2P doctrine – the lack of accountability on the part of intervening forces.<sup>32</sup> It is in this respect that the common non-western liberal democratic identity shared by India, South Africa and Brazil – which imparts to their foreign policies a desire for autonomy, as well as southern solidarity but also the need to be seen as ethical, responsible actors – distinguishes IBSA from the BRICS and may provide a point of division in the latter. For now however, as the Delhi Declaration makes clear, the BRICS appear to be willing to put up a united front.<sup>33</sup>

## **INDIA'S QUEST FOR FOOD AND ENERGY SECURITY IN THE INDO-PACIFIC: THE ROLE OF THE BRICS**

The Indo-Pacific has emerged as a site of both geopolitical and geo-economic cooperation and contestation and China and India's search for energy and food security in Africa and Southeast Asia, in particular, are playing a significant role in the process of regionalisation. The Indian government, however, has explicitly identified food and energy security as two areas of potential cooperation among the BRICS. In this section, therefore, I examine the potential role the BRICS could play in ameliorating geo-economically-driven competition and conflict in the Indo-Pacific.<sup>34</sup>

### **FOOD SECURITY**

Food insecurity in India stems from two major sources – a lack of purchasing power among large sections of the population, which leads to high rates of chronic malnutrition, and a decline in the growth of food production to the extent that it now trails population growth. It has been estimated that almost 50 per cent of children in India suffer from malnutrition and that malnutrition accounts for the loss of two to three per cent of India's Gross Domestic Product.<sup>35</sup> Almost 60 per cent of India's population are reliant on income from agriculture and the stagnation in agricultural growth in India has slowed the rate of poverty decline despite India's higher aggregate growth rate in the last two decades.<sup>36</sup> What is widely seen as the crisis in Indian agriculture is due to a number of interconnected factors such as the decline in agricultural investment, particularly in rain-fed agriculture, which provides for much of the rural poor; a rise in unproductive agricultural subsidies; soil degradation; and groundwater depletion.<sup>37</sup>

India's search for food security has become a foreign policy issue. In order to maintain a more reliable source of buffer stocks than that provided by volatile global food markets, for instance, the Indian government has

been supporting the private sector in various ways – from high-level diplomacy to the provision of lines of credit from India's Export-Import Bank – to buy or lease vast tracts of farmland in South America, Southeast Asia and especially Africa, for the production of grains, pulses and edible oils.<sup>38</sup> Recent statements have also suggested India's willingness to work with the BRICS to formulate a common position on global issues which impact on food security. The trade ministers of Brazil, Russia, India, China and South Africa, in a meeting before the 2012 BRICS summit in New Delhi, asserted that 'subsidies in agriculture by some developed countries continue to distort trade and undermine the food security and development prospects of developing countries' and the Delhi Declaration highlighted 'improved regulation of the derivatives market for commodities' as being 'essential to avoid destabilising impacts on food and energy supplies'.<sup>39</sup>

Both of these approaches however are problematic. Firstly, with regard to the purchase of agricultural farmland outside of India, concerns have been expressed about the labour practices of private companies and about the impact of land purchases on the water and grazing rights and food consumption of local populations.<sup>40</sup> These problems raise questions about the political sustainability of this type of agricultural production and the Indian government's role in it. Given, however, that all the BRICS, with the exception of Russia, have been actively pursuing international land deals for food production and resources, international land governance is one area in which they could lead, possibly through the adoption of the 'United Nations Voluntary Guidelines on the 'Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security'. This would have benefits for both host countries and investing countries alike when it comes to dealing with land-related conflicts in the Indo-Pacific region, where the majority of land acquisitions are occurring.<sup>41</sup>

Secondly, while all the BRICS are united on the need for lifting protectionist agricultural policies in Europe and North America, the extent to which they can formulate a common position on world agricultural trade is complicated by their differing strengths and weaknesses in agriculture. Brazil's strong agribusiness sector and low labour-to-land ratio means that it would benefit greatly from the further liberalisation of agricultural markets. India and China on the other hand both have high labour-to-land ratios making agricultural liberalisation a politically and socially charged issue. Both were in favour of a robust special safeguard mechanism (SSM) that would protect farmers against surges of agricultural imports with the use of tariffs, at the World Trade Organisation (WTO) talks in 2008. While Brazil sought to act as a facilitator of dialogue during the split over the SSM in 2008, it was not favourable to the strong SSM desired by India and China. As a net agricultural exporter, during talks in 2006 in the lead-up to the

Doha round, South Africa was broadly supportive of a compromise solution offered by Thailand, which would place restrictions on the Special Products (SPs) subject to the SSM. Russia, whose ascension to the WTO is set to be completed this year, has a protected agricultural sector but may experience a net benefit from the liberalisation of agriculture, which would also leave it sympathetic to a compromise solution on the SSM.<sup>42</sup>

A less contentious and perhaps more valuable way for India to deal with the issue of food insecurity would involve collaborating with other BRICS to address its sources of food insecurity. Both China and Brazil for instance have made substantial progress in reducing child malnutrition. While incomes have risen in India, chronic malnutrition has increased and child malnutrition decreased by only a few percentage points in the period between 1992 and 2005.<sup>43</sup> By contrast, China achieved a 50 per cent reduction in child malnutrition between 1992 and 2002, which may be attributed to larger increases in income, better access to healthcare, health expenditure and maternal literacy. Brazil produced a 73 per cent reduction in child malnutrition between 2002 and 2008 through its national Zero Hunger strategy based on a number of social protection schemes and income-generation initiatives with a strong participatory element.<sup>44</sup> These included cash transfers, school meals, a low-income restaurant programme, food banks, community kitchens, community cisterns, improved storage facilities in rural areas, support for family agriculture and 'solidarity economy initiatives' such as community banks. The local participatory element that has been the key in Brazil, and has also been incorporated into South Africa's approach to food security, has been missing from the design of India's national food security schemes, which have focussed on subsidised food sales, rural employment guarantees and the provision of health services. Also unlike in Brazil, small-holder farmers have not been a target for India's food security programs.<sup>45</sup> Both smallholder farmer support and local participation have, however, been a focus of the civil society Right To Food Campaign in India, and Brazil clearly offers lessons in these areas.

## ENERGY SECURITY

Although it is the sixth largest energy producer and the sixth largest energy consumer in the world, only 44 per cent of the Indian population has access to electricity. India has thus made the provision of universal access to electricity central to achieving its human development goals.<sup>46</sup> India's high rates of economic growth have also been fuelling its demand for energy, which is expected to double over the next two decades. Since India lacks the natural resources to fulfil its energy needs, dealing with energy poverty and the rising demand for energy has significant foreign policy implications.

India currently imports coal, oil and gas and its dependence on imports is predicted to increase dramatically over the next two decades. By 2030, India is likely to source one third of its coal requirements, 90 per cent of its oil needs and one half of its gas needs from abroad.<sup>47</sup> Subsequently, India now places greater emphasis on 'energy diplomacy' and the extension of concessional lines of credit in countries where Indian oil and gas companies have an interest.<sup>48</sup>

The BRICS contain two of the world's biggest energy consumers, India and China, and two of the world's largest energy producers – Brazil, which has the second largest proven oil reserves after Venezuela, has made recent discoveries of large offshore oil and gas reserves and is the leading producer of sugar-cane ethanol – and Russia, which is the foremost exporter of natural gas and second-largest exporter of oil. Indeed, the Russian energy sector is an important target of Indian overseas foreign direct investment. The hydrocarbon sector, in particular, has attracted more than \$US 4 billion in Indian investment.<sup>49</sup> The discovery of new oil reserves in Brazil has also sparked interest from India's ONGC Videsh which took its investment in the Campos Basin off the coast of Brazil to \$383 million in 2009.<sup>50</sup> Apart from Brazil and Russia, South Africa has been a major source of coal for India and Cennergi, a joint venture between the South African mining company Exxaro and India's Tata Power, recently announced plans to build on their renewable energy projects in South Africa with an aim toward generating 16 GW of renewable energy by 2025.<sup>51</sup> Thus, the BRICS are increasingly cooperating with each other in the energy sector and should increasingly have a role to play in the international governance of energy.

There are, however, potential barriers to such cooperation. China and India, for instance, are commonly portrayed as energy competitors, with India on the losing end of this competition. There are many instances in which Indian companies have lost bids for oil blocks because their bids were lower than those of Chinese firms or because of the withdrawal of support from the Indian government or consortium partners over concerns about the fiscal and licensing risks of particular projects.<sup>52</sup> In one example, India offered \$600 million for a 50 per cent stake in an oil block in Angola with a further \$200 million commitment to Angola's railway infrastructure, only to be outbid by China's offer of \$2 billion.<sup>53</sup> In another, the government withdrew its support from an oil investment in Nigeria, which was deemed to be too risky, leaving China to fill the void.<sup>54</sup> There are also, however, many cases of cooperation. Since 2004, Chinese and Indian companies like Sinopec, the China National Petroleum Corporation, ONGC Videsh and Reliance Exploration and Production DMCC have joined forces on oil and gas exploration and production projects in Columbia, Iran, Peru, Sudan and Syria, and India's Gas Authority of India Limited (GAIL) has stakes in

China Gas Holdings.<sup>55</sup> In 2006 India and China signed a Memorandum for Enhancing Cooperation in the Field of Oil and Natural Gas which identified a range of avenues of collaboration including joint bidding, exploration, refining, marketing, conservation, research and development and clean fuels. Above all the Memorandum was recognition that it was unnecessary 'for either India or China to purchase its energy security at the expense of the other', as India's then-Petroleum Minister Mani Shankar Aiyar put it.<sup>56</sup>

Instances of competition do continue to appear, however, and the co-operative relationship has not progressed beyond the Memorandum to a formal consultation mechanism.<sup>57</sup> This points to another potential barrier to sustained cooperation on energy governance between the BRICS; that is, their established tendency toward what Van de Graaf has described as a 'statist approach to energy security decidedly based on bilateral relations, and... state-owned or semi-state-controlled energy companies in pursuit of energy security'.<sup>58</sup> Nonetheless, given that the Delhi Declaration highlights 'multi-lateral energy cooperation within the BRICS framework' as a new area of cooperation to explore, and that in 2009 the then-Russian President, Dmitry Medvedev, proposed a new international energy framework to replace the 1991 Europe-focused Energy Charter Treaty, the prospects for a more multi-lateral approach emanating from the BRICS are not completely absent.<sup>59</sup> The BRICS multi-lateral approach need not align with the market-dominated neo-liberal model of energy governance that emerged in the 1980s. Indeed in 2007, India's Petroleum Secretary suggested an end to the trading of crude oil on commodity exchanges to gain control of spiralling oil prices, which implies deep dissatisfaction with the market-orientated model.<sup>60</sup> However, some form of governance to ensure fair outcomes for both producers and consumers of energy and to stem the potential for geopolitical conflict is clearly necessary.

## CONCLUSION

This chapter has argued that the role of the BRICS in India's foreign policy has two dimensions, one geopolitical and the other geo-economic. Firstly, the BRICS could play a role in defining the contours of the emerging geopolitical space of the Indo-Pacific region. While the US has sought to impose itself as the centre of this space and has enlisted India in this endeavour, India remains committed to a foreign policy of non-alignment or strategic autonomy. By providing a forum in which to engage China, consolidate its relationships with its fellow non-Western democracies, Brazil and South Africa, and maintain its long-standing relationship with Russia, the BRICS grouping is emerging as a significant strategic coalition in its broader

non-aligned foreign policy in the Indo-Pacific and beyond. Secondly, the Indo-Pacific is emerging as a region ripe for geo-economic competition and conflict due to the demand of countries like India and China for energy and food security. The BRICS can and should be at the forefront of ameliorating and regulating this competition. However, for this to happen, the BRICS will need to move beyond their state-centric approach to food and energy security and work as a forum for mobilising governance projects rather than appearing as a mere talk-shop.

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## Brazil and BRICS: A Challenging Space for Global Relevance and Reform of an Obsolete World Order

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A useful mechanism for Brazilian international projection in the past five years, the BRICS is likely to lose importance over time, as its members confront the difficulties of articulating their conflicting interests in some sort of common vision. The role and relevance of the group will depend, obviously, on the United States' and Europe's capacity to overcome their current crises and on the paths China and Russia will follow to deal with growing internal tensions that could lead to years of instability and disharmony. In Brazil's assessment, the BRICS has been a topic of controversy. At first, the BRICS concept was dismissed by Brazilian policy makers as a clever acronym created by a Goldman Sachs economist in 2001 to attract investors to a higher risk class of assets. At that time the nation was dealing with a serious crisis of electricity shortages after being bruised by repeated financial crises as it struggled to stabilise its economy in the previous decade. In the eyes of most Brazilians, the idea of a rising Brazil that could articulate a remaking of the post-Cold War geopolitical map of the world existed mostly in the minds of a few diplomats and intellectuals as a possibility, as it had existed for more than a century. Moreover it was viewed as an abstraction unrelated to the country's harsh reality of the moment. Not only was Brazil not emerging, it was struggling to avoid the consequences of a self-generated and potentially catastrophic energy supply collapse.

Subsequent events pulled Brazil closer to an examination of the concept of an alliance of interests among big emerging nations of the South, imperfectly captured in the BRIC/BRICS concept. The efforts produced a variety of initiatives and meetings over the past twelve years. Brazilian scholars and practitioners tend to agree that the effort has not generated a coherent country strategy to deal with and benefit from the BRICS.

In late 2003 the Cancun ministerial meeting of the World Trade Organisation was turned into a historic event when Brazil and India decided

to block a consensus led by the old quad formed by the United States, the European Union, Japan and Australia-Canada to keep agriculture out of any global trade liberalisation agreement. With a measure of courage and audacity that took established powers by surprise, Brazil and India, with China helping from the sidelines, managed to force a change in the format of the WTO's main negotiating table and joined the US and the EU in a new quad. It was the first meaningful demonstration of the political capacity of big emerging nations to act together to assert their interests and alter the rules of global governance.

The following year, Brasilia made a strong statement about its desire to act autonomously from mechanisms led by the US and the EU that exclude other emerging nations by declining a formal invitation to join the Organisation of Economic Cooperation and Development (OECD) as a full member. Foreign Minister Celso Amorim explained that Brazil's preference was to maintain its observer status and join the organisation only gradually and simultaneously with China and India.<sup>2</sup> If WTO and OECD-related events served as an indication that Brazil was warming up to elevating its relations with China and India, Beijing's decision in 2005 to block the reform of the United Nations Security Council (UNSC) produced the opposite effect. Motivated by China's opposition to Japan's ascension to UNSC permanent membership, the move took Brasilia by surprise. Amorim, who was actively working at the time with his counterparts from Japan, India and Germany on the UNSC reform, publicly declared his disappointment with Beijing.<sup>3</sup>

It took a seismic global event – the 2008 Wall Street meltdown – for the 'BRIC/BRICS' concept to be embraced by the Brazilian government and, subsequently, by the nation's academia.

From Brasilia's perspective, the most significant consequence of the 2008 crisis was the opening up of the political sphere to new players, leading to reforms in global governance. It accelerated the shift in the global distribution of power that began two decades earlier with the end of the Cold War and the rise of China. With the collapse of financial markets, leaders of major emerging countries who, up until then, had only been invited to sip coffee at the margins of the Group of Eight annual meetings, were suddenly cast as central actors in a new forum for global economic policy deliberations. For the Brazilian public, the change was powerfully illustrated by the choreography of the first Group of 20 Summit of Leaders, urgently convened by President George W. Bush in Washington in November 2008. The presidents of Brazil and China flanked the American leader on each side.

One hundred years earlier historian Joaquim Nabuco, then the Brazilian ambassador to Washington, had articulated the country's aspiration to emerge in the world and occupy a space commensurate to its continental



dimensions: 'Brazil has always been conscious of its size and has been governed by a prophetic sentiment with regard to its future,' wrote Nabuco in 1908.<sup>4</sup> As a nation, Brazil has historically pursued access not only to markets and technology but also a place at the table of the world's powers. In the 1930s it left the League of Nations after being refused a seat in its Council. It was not, however, until Brazilian democracy was reinstated in the mid 1980s, and the economy stabilised a decade later, that the country acquired the internal cohesion and strength to credibly pursue its international ambitions in a fast changing landscape.

The advent of the BRIC was welcomed by Brazil's charismatic president, Luiz Inacio Lula da Silva, as an ideal platform to project his powerful persona and Brazil's presence and interests on the world stage. Initially, however, the effort was quite modest. It was only after the global financial crisis that Brasilia pushed for the creation of the BRIC Forum. As President Lula prepared to attend the group's first summit in Yekaterinburg, Russia, in June 2009, the government mobilised its diplomatic corps at Itamaraty, the foreign ministry, for the task of developing a plan for its participation. Brasilia sought to add some substance to the acronym by working to turn it into a meaningful consultation mechanism amongst the four fastest growing emerging economies. Reform of the global financial institutions – primarily the International Monetary Fund and the World Bank, launched eight months earlier at the first G20 Summit – became the first policy focus of the BRIC. The effort produced initial changes in the distribution of quotas and relative power among the member countries of both institutions. It is supposed to generate more ambitious results by 2014. As the global financial crisis temporarily eased in 2011, however, the G20-led reform lost impetus. The 5<sup>th</sup> G20 Summit, which met in Mexico in June 2012 as the Euro Zone crisis deepened and the BRICS economies slowed, was productive only to the extent that it allowed Brazil and other countries to continue to push for the recognition of some limited forms of capital controls as legitimate instruments governments should use to avoid speculative movements of financial flows.

## VEHICLE TO RELEVANCE

Despite the deceleration of GDP growth in Brazil, Russia, India and China since 2011, it is evident that more than a decade after Goldman Sachs economist Jim O'Neill crafted the acronym BRIC, renamed BRICS with the addition of South Africa in 2011, the group has acquired a life of its own. Like a brand in search of a purpose, the group found its *raison d'être* in the continued demand for the reform of an international system not suited

to deal with the challenges of the 21<sup>st</sup> century globalised economy. In the words of former deputy foreign minister Marcos Azambuja, BRICS:

...is a challenge to the international order and a form of protest that expresses the conviction that, while there was no meaningful reform of the international system [after the collapses of the Berlin Wall in 1989 and of Wall Street two decades later], the world is no longer the one imagined in the traditional power centres in North America and Europe. Above all, the BRICS is an indication that the game has changed and that the five countries feel they are qualified to play more visible roles in a new international order.<sup>5</sup>

Viewed as a promising vehicle for the nation's aspiration to world relevance, the BRICS has gained considerable space and visibility in the policy debate in Brazil. This is illustrated by a series of initiatives it has inspired over the past four years.

The Institute for International Relations at the prestigious Pontifical Catholic University of Rio de Janeiro established a BRICS Policy Center with six areas of research. The centre focus on studies ranging from comparative analyses of Brazil, Russia, India, China and South Africa's foreign assistance programmes to cooperation in science and technology among the BRICS. Other universities and research institutions launched similar initiatives, some in close collaboration with the Brazilian Ministry of External Relations and its Research Institute on International Relations (IPRI).

The China–Brazil Center for Climate Change and Energy Technology Innovation grew from a technological and academic cooperation between the Federal University of Rio de Janeiro's Alberto Luiz Coimbra Institute for Graduate Studies and Research in Engineering (Coppe/UFRJ), Latin America's largest engineering research centre, and Tsinghua University, the most important Chinese university in the field of engineering. In December 2011, the IPRI, the Fundação Alexandre de Gusmão, a public institution linked to the foreign ministry, and the Fundação Armando Álvares Penteado, a private university in São Paulo, hosted the first of a series of roundtables on 'Brazil, the BRICS and the International Agenda.' The 24 papers presented at the first series of roundtables by an ideologically plural set of experts from the government, academia and the private sector were collected in a well-edited volume published by the Fundação Alexandre de Gusmão.<sup>6</sup>

The roundtables have continued in 2012. Brazil's Supreme Court has also engaged in a dialogue with its BRICS counterparts. The United Nations' Conference on Sustainable Development Rio+20, hosted by President Dilma Rousseff in June 2012, stimulated a series of discussions about the BRICS' significance in seminars and roundtables that brought

together representatives in the academic and the business worlds, media, governments and non-governmental organisations in the days before the official UN conference. A session on contrasting models of development aid sponsored by non-governmental organisations of the five countries was an example. Such discussions examined convergences and divergences of interests and were regularly amplified to broader audiences by old and new media.<sup>7</sup> The list of Brazilian official and private entities engaged in BRICS-related initiatives is long. Results, however, have been modest.

## LACK OF AFFINITY

Discussions held before and after the Rio+20 United Nations Conference on Sustainable Development, in June 2012, highlighted the lack of affinity among the five countries. Differences in their histories, models of social organisation and development, population, GDP and economic structures are often cited as the source of this disconnect. At the same time, some important convergences are also evident. The five countries, for instance, face fewer fiscal problems than most industrialised nations, all are net international creditors and all are creditors of the United States, as holders of US Treasury bonds. Since 2008, the five BRICS have contributed some \$80 billion USD combined to the International Financial Institutions and have gained greater influence in their decision-making process as a result.<sup>8</sup>

The inclusion of South Africa in the group, pushed mainly by China, has spurred debate. With South Africa's inclusion came a generally accepted conclusion that the BRICS have shifted from a financial marketing instrument to a political instrument.<sup>9</sup> The creation in 2004 of IBSA, a subset of the BRICS democracies composed of India, South Africa and Brazil had already highlighted the political heterogeneity of the group. IBSA, an informal alliance of three highly diverse democratic societies, might best be viewed as a laboratory for exploring the potential for cooperation among emerging democracies in the Global South and their capacity to exercise their soft power effectively. A \$1million development fund set by IBSA and managed by the UN supported a waste management project in Haiti, a small-scale agricultural development in Guinea Bissau and a healthcare clinic in Cape Verde.

By 2010 there were four more projects in the pipeline: an HIV/Aids testing and counselling centre in Burundi, a sports centre in Palestine, a school in Gaza and an unspecified project in Laos.<sup>10</sup> Seventeen government-to-government working groups created under IBSA have produced modest results. The most ambitious joint diplomatic venture by India, Brazil and South Africa to date exposed differences and potential tensions between

them and their BRICS partners, as illustrated by the unsuccessful initiative by the IBSA foreign ministers in 2011 to help create a space for dialogue between the Syrian government and the opposition before the two sides engaged in a civil war. In 2012, members of IBSA and BRICS found themselves on opposing sides of the Syrian conflict.

The expanding scope and divergent interests of the BRICS have not diminished the interest in Brazil to assess the group's importance and whether the country can benefit from being a member. 'The problem is that Brazil has not developed a strategy to take real advantage of its membership in the group,' says Rubens Barbosa,<sup>11</sup> a retired diplomat and former ambassador to the United Kingdom and the United States who edits *Interesse Nacional*, a quarterly journal published in São Paulo.

Opinions regarding the BRICS' relevance for Brazil span the spectrum. They range from the dismissive posture of the traditional establishment, which views the grouping as a largely inconsequential forum of countries with little in common amongst themselves, to those who have warmed to the notion of the BRICS as a useful informal arrangement that helps Brazil pursue its international interests in a rapidly changing world. The latter includes a significant number of former diplomats who were once sceptics.

The critical view was sarcastically summarised in an editorial titled 'The Comedy of the BRICS,' by the influential daily *O Estado de São Paulo*, after the leaders met in India in March 2012.<sup>12</sup> The article focused on one of the fifty paragraphs of the New Delhi Plan of Action announced at the conclusion of the summit, expressing concern that 'excessive liquidity' resulting from the 'aggressive policy actions taken by central banks [in the United States, European Union and Japan] to stabilise their domestic economies have been spilling over into emerging market economies, fostering excessive volatility in capital flows and commodity prices.'<sup>13</sup>

Brazilian president Dilma Rousseff made some headlines saying that such policies enacted by developed countries amounted to a 'monetary tsunami.' She added that opposition would be voiced by BRICS leaders at the June 2012 Group of 20 Summit in Mexico. *O Estado* used Rousseff's statements to suggest that by bringing the issue to the G20, the BRICS risked creating a 'comical situation,' since the predictable response from the US and the EU would be to call attention to China's contribution to the problem and ask Beijing, 'as they have done for years, to take serious measures to correct the excessive devaluation of the yuan, which is a nightmare for most of the world's industrial entrepreneurs, including those from Brazil.'<sup>14</sup>

The failure of the BRICS to rally behind a non-American candidate to succeed Robert Zoellick at the helm of the World Bank, in 2012, was interpreted as further evidence of the difficulties the five countries face in coordinating their positions as a group on an issue highly relevant to

financial architecture reform. This was, and is, the area demanding the most attention in the aftermath of the ongoing global crisis. Economist John Williamson, from the Peterson Institute of International Economics and a former professor of Economics at Rio's Catholic University and leading expert on Brazilian economic policy, spoke on the subject: 'This was an acid test of the group's ability to subordinate their individual proclivities to the cause of shaking up the established world order, which they failed'.<sup>15</sup>

## SCEPTICISM PERSISTS

The slowdown of China and India's economies and the halt in Brazil's growth in 2012 will inevitably affect Brazilian perceptions of the BRICS internal dynamics. It will lead to a constant re-evaluation of its role and importance for each of the countries, which could adversely impact on trade and investment flows among the five countries, which are modest and have significance only in the bilateral trade of Brazil, Russia, India and South Africa with China. Although trade and investment flows can always change, other factors have informed the doubts one can detect in government, academic and business circles regarding the value and relevance of the BRICS for the country.

BRICS sceptics in Brazil are quick to reference the failure of the Doha Round at the World Trade Organisation, which was unsuccessful in large measure due to India's and, to a smaller extent, China's refusal to expose hundreds of millions of its subsistence farmers to competition from efficient agriculture producers in Brazil, the US and the European Union.

From the Brazilian perspective, it has been obvious from the start that the BRICS do not see eye to eye in the realm of peace and security. The individual BRICS have different viewpoints and influence in the international arena, with three members being nuclear nations and two being permanent members of the UN Security Council. Inattention to China and Russia's broader strategic interests in the Security Council vis-à-vis the US led President Lula to commit his biggest diplomatic miscalculation in the 2010 attempt to mediate between Teheran and the international community regarding Iran's nuclear programme. The Brazilian leader erroneously expected that Moscow and Beijing would veto a new round of UN sanctions that the US sought to impose against Iran. This was not the case. In a separate incident five years earlier, China – not the US – had blocked the process of Security Council reform initiated in 2004, frustrating a central foreign policy objective of both Brazil and India.

With such episodes in mind, Brazilian experts say that it would be naive to expect a BRICS framework for effective cooperation on key global

political, economic and security issues to emerge, as there is not a common set of goals among all five countries beyond the stalled global financial architecture reform. In early August 2012, Brazil voted in favour of a UN General Assembly Resolution condemning the Syrian regime's crackdown on protesters, while India abstained and Russia and China voted against it. 'BRICS is an important concept, but Brazil should not organise its foreign policy around it. BRICS is a concept of limited utility', wrote Rubens Ricupero, a former diplomat seasoned foreign policy analyst.<sup>16</sup>

What benefits, then, does Brazil expect to extract from its BRICS membership? For some, this question is best answered by imagining a world without the BRICS. According to Azambuja, the value that each of the five BRICS derives from being a member is better understood by reversing the question and asking the political cost of not being part of the group, rather than looking for what being in BRICS adds to each member country. 'The terrible thing is not to be one of them,' said Azambuja. 'If Brazil were not in the BRICS we would be in a situation of extraordinary exclusion. Brazil is not an emerging country big enough to push the access door to the main table. It has a better chance by pushing the door with the BRICS.'<sup>17</sup>

## A GROUP IMPOSSIBLE TO IGNORE

From this perspective, the BRICS is a group impossible to ignore. While the five countries cannot form an association bonded by geographic proximity or political subordination, each BRICS country sees the others as political actors of equivalent weight, with China being more equal than the others. In Azambuja's view, the group includes three nations that were cradles of civilisations, ideologies and religions. Helped by the alphabet, which placed it as the first letter of the acronym, Brazil has gained visibility and prestige by being a part of the group, creating an expectation that the country wants more. 'The BRICS represents, for the first time, a group of countries in which Brazil can play. Brazil's association with the group elevates its international position. It represents an essential card in the game for access to a higher level of power,' added the former deputy-foreign minister.<sup>18</sup>

Two themes guide the analyses produced so far to explain the significance and reach of the BRICS and assess its value for Brazil. One is the acknowledgement of the uniqueness of the group and its capacity, real or potential, to influence the ongoing transition to a new international order that reflects the rise of China and of other emerging economies, and the relative decline of the US, Europe and Japan. Opinions vary regarding the type of impact the BRICS may have. The other theme is a pronounced scepticism about the group's capacity to articulate common positions beyond

their shared interest in gaining more political space and to act consistently to affect sustainable change in global governance.

Gelson Fonseca, a former ambassador to the United Nations, argues that the five countries would be noticed by analysts and media even if the acronym had never been invented. 'It is impossible to imagine that an international regime will form and consolidate itself in the areas of security, economy and values without the BRICS' active participation,' he said.<sup>19</sup> Fonseca's assessment is supported by Andrew Hurrell's view that the five countries have some capacity to 'contribute to the management of the international order in global or regional terms' and all [BRICS] share 'a belief in their right of a more influential role in world affairs.'<sup>20</sup> Fonseca also highlights the value of the BRICS brand, first highlighted by Marcos Galvão, a Brazilian diplomat and currently his country's ambassador to Japan, who helped to build the group's consultative mechanism while serving as deputy-minister of Finance from 2008 to 2010.<sup>21</sup>

Maria Regina Soares de Lima and Daniel Ricardo Castelan propose a stronger notion of the BRICS, claiming the organisation will reduce Anglo-American dominance in the International Financial Institutions. They see the ability the group has demonstrated to act together in the reform of the IMF quota system and voting structure as a 'contribution to the institution's de facto multi-lateralisation' through the introduction of conditionalities to loans extended to European countries in trouble and the greater alignment of the quotas to the weight of emerging countries.<sup>22</sup>

An alternative view about the BRICS is held by those who believe the acronym and the brand are of little significance. Ricupero dismisses Jim O'Neill as 'a minor figure from an investment bank' and credits the 'intellectual innovation' of the BRICS concept to George Kennan's description of the 'monster countries'<sup>23</sup> – those that have huge territories and populations – in his 1993 book *Around the Cragged Hill: A Personal and Political Philosophy*. Like Fonseca, Ricupero contends that the relevance of the BRICS resides in their interest and capacity to participate in consequential ways in regional and global affairs. 'What unites the BRICS today is the desire to occupy a more important position in the international system [and] the fact that all wish for a reform of the international system,' writes Ricupero. He warns, however, that as diverse and heterogeneous countries the BRICS will hardly be able to close ranks around a single position: 'From the heterogeneous essence of the BRICS derives the predicable heterogeneity of their actions as a group.'

This sober view extends into the Brazilian government, which is entrenched in the BRICS process. After a careful review of the 2009 Joint Declaration issued by the group's first summit, Valdemar Carneiro Leão, Brazil's 'sherpa' to the BRICS until his appointment to ambassador in



Beijing in early 2013, noted the absence of a 'clear set of common objectives' beyond the predictable statements of 'support for a more democratic and just multi-polar world order based on the rule on international law, equality, mutual respect, coordinated action and collective decision making [...] for political and diplomatic efforts to peacefully resolve disputes in international relations [...] commitment to multi-lateral diplomacy with the United Nations playing a central role in dealing with global challenges and threats.'

The group also reaffirmed support 'for a comprehensive reform' of the UN and 'reiterates the importance we attach to the status of India and Brazil in international affairs and understand and support their aspirations to play a greater role in the United Nations.' However, without this clear set of common objectives, the 2009 Declaration seems weaker than the United States' statements of support for India's elevation to the Security Council and no better than President Barack Obama and Secretary of State Hillary Clinton's latest utterings of sympathy to Brazil's ascension to a permanent seat in a reformed world body.<sup>24</sup>

According to Carneiro Leão, the BRICS' core commitment to advance the reform of international financial institutions in the G20 context expresses common objectives (such as redistribution of quotas and voting power at the IFIs and the end of the American-European duopoly in the selection of its leaders). These objectives were more easily identifiable and attainable in the context of an economic financial crisis that, at its onset, 'offered a singular opportunity for the group to make its growing economic weight be felt.'<sup>25</sup>

## SELECTIVITY OF TOPICS POINTS TO LIMITED AGENDA

Carneiro Leão suggests, however, that the group's supposed ability to be selective in its choice of issues to tackle is indicative not of thematic versatility but rather of the limitation of its agenda to a narrow set of economic issues. 'As with any group of this nature, [BRICS] discussions may aim at the simple exchange of positions [for reciprocal information purposes] or have the objective of [leading to] a joint action/manifestation.'

What differentiates the BRICS is the absence so far of an inclination for negotiation of positions within the group that would involve substantial concessions leading to a unified position. In other words, there is little space in the BRICS' agenda for consensus that would require an effort of the countries to cross 'red lines' known or perceived by all in order to build closer relationships among themselves. In this view, the two successful BRICS coordinated actions so far (the beginning of reform of voting and voice power at the IMF and the decision to extend support to European countries)



and their failure in the selection of a common candidate to replace the heads of both the IMF and of the World Bank leadership in 2011 and 2012, respectively, suggest it is still early to measure the group's effectiveness.

Looking forward, BRICS is a useful mirror that reflects back to Brazilians' comparisons of economic factors that drive productivity and competitiveness in an increasingly integrated world economy. In this context, overcoming current challenges to sustainable growth of higher quality in infrastructure, education and policies and regulations on foreign direct investment is the key to BRICS effectiveness and viability as a group, in terms of Brazil's long-term interests. Otherwise, we will be left with the evidence of the group's limitation: the modesty of intra-BRICS trade and investment flows and concentration of its members' commercial relations with countries in their own regional spheres of economic preponderance.

This reality also reflects the low quality structure of trade flows among the BRICS, which is made mostly of primary products, in the case of Brazilian and Russian exports, and manufactured goods, in the case of exports from China and India. Trade flows are significant only in the bilateral relations of Brazil, Russia, and India with China; these account for 16.6 per cent, 9.8 per cent and 10.2 per cent of total trade flow for each country, respectively. South Africa's trade with the other BRICS is very small, not exceeding two per cent of the country's total trade with any of the groups' members.<sup>26</sup> It is too early to tell whether the decision to trade in their own currencies, announced at the New Delhi summit, will improve the picture. Similarly, the creation of a BRICS development bank – confirmed by the leaders in the 2013 Durban Summit in South Africa, – could improve investment flows among them if they agree on the governance rules and operations of the institution. Although the BRICS received 20 per cent of total foreign direct investment in 2011 and generated 14 per cent of such flows, intra-BRICS investments are small.<sup>27</sup>

Despite the BRICS limitations, Carneiro Leão contends that the group's reformist inspiration and the added economic weight they collectively bring to the table work in favour of their viability as a forum to expand the number of players at the head table of global economic policies. He underlines, however, that the BRICS objective is not to dramatically change the world order. 'The BRICS are together because what they seek cannot be obtained by any of its members individually.' What they want, however, are 'reforms and improvements', not the replacement of the current international order.<sup>28</sup> This argument is illustrated by the BRICS leaders' plan to create a currency stabilisation fund in their fifth annual meeting.

## BRICS LOSS OF ECONOMIC DYNAMISM IN 2012 RAISES QUESTIONS

Deputy Finance Minister Carlos Márcio Cozendey, a senior Brazilian official directly involved in BRICS affairs, calls attention to the ambiguity built into the fact that the group acts in order to ensure that new commitments and responsibilities come gradually and preserve their freedom of action.

‘As non-full participants or builders of the deregulated liberal consensus [that contributed to cause the crisis], in many cases they directly contest such pillars based on their own development experiences, which are quite varied among themselves,’ writes Cozendey. ‘We live in an instable moment of transition, where the old controllers of the decision making processes are no longer capable to resolve the problems in the interior of the [governance] regimes without the BRICS cooperation’. But the BRICS, ‘having been clear about their interest in participating in the decision making [reform] processes and in the building of a new [governance] regime, either do not possess the resources or are not willing to mobilise such resources in order to play the role of value distribution that leadership imposes.’ This makes it rather difficult to change the current regimes significantly or build new ones.<sup>29</sup>

The loss of economic dynamism in all BRICS economies in recent months brought forth a new set of questions about the role and impact of a group of countries that were conceived as being the emerging drivers of future global growth. The acronym’s creator has hedged its analysis before the latest G20 Summit. Jim O’Neill, chairman of Goldman Sachs Asset Management, said in June in his proposition that Brazil, Russia, India and China would together increasingly buoy the challenges that the global economy faces. Before them is ‘a more challenging test’ as investors dump the countries’ stocks.<sup>30</sup>

For Brazil, in particular, the test can be welcome to the extent it forces the country’s leadership to face fundamental structural issues that were not addressed in the Lula era, when an expanding global economy anchored in large measure on China’s appetite for mineral and agricultural commodities helped fuel the country’s economic growth. During this period, Brazil’s membership in the BRICS contributed to the domestic policy debate by constantly reminding Brazilians of the disadvantages in productivity and competitiveness that their country faces in comparison to China and India.

Although the global economic crisis will remain an important conditioning factor in Brazil’s calculations regarding the meaning and role of the BRICS, the country’s interest and engagement with the group is likely to be affected more by how the government of President Dilma Rousseff addresses mounting domestic economic challenges to foster robust sustainable GDP growth than by events abroad.

Looking ahead, there is an emerging national consensus that Brazil's chances to sustain economic growth, retain its newly acquired international space and turn into a world power will depend mostly on the governing elites' capacity to tackle serious domestic deficits in education, infrastructure, regulatory systems and innovation that constrain economic productivity and international competitiveness. This is what has preoccupied Rousseff and guided her government's agenda.

A non-charismatic former technocrat, Brazil's President Rousseff is less interested than her immediate predecessor and mentor in shining on the global stage. She holds no grand vision about Brazil's place and role in the world and sees diplomacy pragmatically, mostly as a tool to achieve domestic objectives and strengthen economic stability and growth. Pragmatism is behind Rousseff's efforts to improve Brazil's broad but rather shallow relationship with the US after a period of estrangement in the final years of the Lula presidency and the dramatic shrinking of trade with the US as a proportion of Brazil's total trade in the past decade. Being the only BRICS in the Americas, a geopolitical space once dominated by the US, Brazil under Lula adopted an ideological posture that viewed Brazil-US relations as a political zero-sum game of influence. Faced with a more adverse world economic environment than her predecessor and forced to focus attention on the domestic problems that affect economic growth, President Rousseff has followed a more pragmatic path vis-à-vis the US, which is likely to lead to a state visit to Washington in the autumn of 2013, the first by a Brazilian president in eighteen years. A leader with less appetite for foreign policy than her predecessor, Rousseff seems to view the BRICS frame of reference as a useful reminder that differences with the US are no reason to pick fights with Washington. Comparisons with China and India's posture vis-à-vis the US are pedagogic. Because of their strategic location in Asia, both nations have more complex and difficult problems with the US than Brazil. And yet China and India manage to avoid unnecessary conflict with Washington.

In the wider context, BRICS relevance is up for debate when it comes to Brazil's ability to assert and project its interests globally or closer to home. The expanding presence of China in South America and the proposed Transpacific Partnership introduces new challenges to Brazilian policy makers and business leaders. Brazilian exporters of manufactured goods have lost ground in the immediate neighbourhood to Chinese competitors. The same is true in regard to Africa, where Brazilian officials and business executives see China as a competitor. On the positive side, being a member of BRICS forces Brazilian policy makers, business and labour leaders to make comparisons and deal with structural issues that affect productivity and competitiveness, such as excessive taxation and the deficits of human

and physical capital that Brazil needs to address to revitalise and sustain economic growth at levels that allow it to continue to develop domestically and be a credible and influential player on the world stage. For a continental nation like Brazil, successfully tackling these difficult problems is the key challenge in the years ahead. Whether it includes making the BRICS format more relevant and consequential for its interests is a question that the government and the business community have yet to answer.

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## Laying the BRICS of a New World Order: Brazil's Economic Stake in BRICS

*Adriana Erthal Abdenur*

### INTRODUCTION

**L**everaging two decades of sustained economic growth and substantial social improvements, Brazil has significantly boosted its role in the international arena, diversifying its bilateral agreements and ramping up participation in several multi-lateral organisations and groupings. In addition to expanding its influence regionally and globally, Brazil has sought to expand its economic opportunities abroad. Since 2009, the BRIC forum (expanded to BRICS with the 2011 addition of South Africa) has offered Brazil a series of opportunities (as well as challenges) to advance key points within its economic foreign policy agenda by coordinating positions with other fast-growing emerging economies.

This chapter analyses Brazil's membership in the BRICS in terms of three broad economic foreign policy objectives: strengthening Brazil's access to markets and capital abroad so as to consolidate its own socio-economic development; boosting the call for greater participation of developing countries in the global governance system, including within the institutions that regulate trade and finance; and consolidating Brazil's position as a key negotiator of economic issues at a global scale.

Understanding Brazil's economic stake in the BRICS requires grasping how the country's economic foreign policy has changed over the past twenty years, especially the role of economic multi-lateralism. Brazil's participation in institutions such as the GATT and WTO, as well as less formal groupings such as IBSA, shaped the country's key economic interests and strategies abroad and laid the foundation for its membership in the BRICS.

## THE CONTEXT

The post-Cold War international system, long dominated by the United States (US) and other advanced industrialised countries, is arguably giving way to a more multipolar configuration. The economic crisis that began in the US subprime mortgage market in 2008 has weakened the economic standing of many industrialised countries, opening up new opportunities for key emerging countries, including the BRICS.<sup>1</sup> This shift is not merely a result of the growth of emerging economies it is also a consequence of the increasingly active role that certain developing countries have been taking in the international arena.<sup>2</sup>

The increased activism by developing countries still takes place in a system dominated by states whose resources remain considerable. Thus the foreign policy options available to emerging powers, while broader than before, are still constrained by the dominance of the post-Cold War powers, especially the US. These limitations lead emerging powers to rely heavily on soft balancing, or non-military, institutional strategies such as multi-lateralism.<sup>3</sup> Soft balancing allows emerging powers to limit the power of the strongest states by increasing the cost of unilateral action for the stronger state (particularly in the sense of retaliation) while opening up space for their own manoeuvres.<sup>4</sup> The recent proliferation of coalitions and informal alliances – including the G20, IBSA, and BRICS – reflects this soft balancing approach.

As a developing country that has become a far more active international player, Brazil may be seen as pursuing a ‘middle power strategy’ of coalition-building and soft balancing.<sup>5</sup> Brazil’s sheer size – it is the largest economy in South America and the sixth largest in the world by nominal GDP, with well-developed agriculture, mining, manufacturing, and service sectors – gives it considerable leverage in its coalition-building strategies. And Brazil’s growth over the past twenty years has allowed it to pursue a strategy of complex coalition-building with other regional powers in a bid to increase its ‘systemic impact.’ Yet Brazilian foreign policy is not driven exclusively by concerns with the global balance of power; if anything, it has been far more focused on more identifying opportunities abroad that may contribute to its domestic socioeconomic development.

Economic development remains the cornerstone of Brazilian foreign policy. Trade and investment are not only key objects of Brazil’s foreign relations; they are also tools for advancing other – not necessarily economic – ambitions within Brazil’s soft balancing strategy. Over the past fifteen years, Brazil has worked to both diversify the country’s economic opportunities abroad and increase its strategic flexibility via bilateral as well as multi-lateral agreements. Brazil’s membership in the BRICS offers



it both the opportunity to expand access to other markets and increased leverage in negotiations about global economic issues. In this sense, BRICS is yet another platform through which Brazil can question the international system while maintaining a high degree of sovereignty and flexibility for manoeuvre.<sup>6</sup>

The next section of this chapter provides an overview of contemporary Brazilian foreign policy, focusing on how key economic interests abroad – particularly trade – have been articulated in multi-lateral forums. Here three caveats are in order. First, Brazil has both political and economic stakes in the BRICS; while these two overlap, here I focus on the primarily economic interests. Second, the goal of this chapter is not to provide a comprehensive analysis (for an excellent and detailed analysis of Brazilian trade negotiations before the founding of BRIC, see Abreu 2007). Rather, the point is to highlight some pertinent trends as a background for understanding Brazil's economic stake in the BRICS. And finally, in referring to Brazil's economic interests abroad, I am simply using a shorthand expression. There are a myriad groups within Brazil with economic interests abroad, and the official government position is not necessarily an accurate expression of these diverse interests; certain groups (agricultural interests, industry, etc.) predominate at different points in time.<sup>7</sup> In this chapter, I restrict the analysis to economic interests as they have been filtered and articulated within Brazilian foreign policy.

## BRAZIL'S ECONOMIC FOREIGN POLICY

Brazil has long pursued a strategy of multi-lateralism in its foreign policy, but this approach once focused on political interests rather than economic ones. Brazil's first steps in trade multi-lateralism date back to the mid 1960s, when the country underwent a period of export growth. 1964 was a turning point because a series of policies led external trade – especially of manufactured goods and commodities – to grow faster than the economy as a whole. That same year, after the first meeting of UNCTAD in Geneva, Brazil became a founding member of the G77, a loose coalition of developing nations meant to strengthen their joint negotiating leverage on major international economic issues and within the UN. This kind of flexible alliance, characterised by a low degree of institutionalisation, has remained an important element of Brazilian foreign policy – even after Brazil's terms of trade declined dramatically as a result of the 1973 oil shock and ensuing debt crisis.

Despite the ups and downs of the Brazilian economy during that period, the country has maintained its strategy of loose alliances. This approach

became even more important in 1984, when – after 21 years of military regime – Brazil returned to civilian rule and the economy began opening up once again. The Ministry of Foreign Relations, whose role in shaping trade policy in the prior period had been secondary to other ministries, became increasingly active as trade policy and negotiations became more important to the government.<sup>8</sup> By 1994, when the Plano Real attained successful stabilisation of the economy after decades of high inflation, Brazil began seeking more opportunities for growth and influence abroad. The 1990s brought about a wide range of pro-trade measures; the new economic foreign policy under President Collor, for instance, was almost automatically supportive of policies promoted by the US, without much concern with reciprocity.<sup>9</sup> Measures included a unilateral reduction of barriers to imports and the search for a new approach to trade and integration in the Southern Cone. Although the government adopted a rhetoric for liberalisation, this was accomplished more through privatisation rather than trade.<sup>10</sup> Within GATT, Brazil started out wanting to share in the benefits of multi-lateral commercial liberalisation, but over time – as smaller economies began trying using the system to increase their leverage in bilateral disputes with their bigger trade partners – Brazil became more active in demand making.<sup>11</sup>

It was only with the proposal for the Free Trade Areas of the Americas (FTAA) that trade negotiations became the heart of Brazil's trade policy. This was in part because the number of Brazilian stakeholders in trade increased. With the FTAA negotiations, more government ministries and agencies began to directly participate in the formulation of trade policy. In addition, by then more private sector actors were either involved or interested in trade. This prompted the government to reorganise its structure for commercial negotiations. The Ministry of Foreign Relations, which before had played only a marginal role in trade negotiations, became (along with the Ministry of Finance) a key negotiator. By 2005, trade negotiations were by far the most important item in Brazilian trade policy, which quickly broadened to include topics spanning both multi-lateral arrangements and bilateral agreements.

With economic stability and growth, Brazilian foreign policy in the 1990s sought to project Brazil abroad, politically, and economically. Politics also factored into the way that Brazil conducted its trade negotiations. Groups within and outside the government felt increasingly that Brazil should depend less on the US than it had done during the 1960s and 1970s. President Fernando Henrique Cardoso (1995–2002) opted for a strategy of regional integration, strengthening Brazil's ties with immediate neighbours and opposing at the US-led effort to integrate North and Latin America through FTAA. Brazil's stake in the world economy increased in 1999, when the government decided to float the real. This move further exposed Brazilian

companies to the global market precisely when many of these were prepared to participate in globalisation. The move had a significant impact on Brazilian trade and trade balance. After major devaluation and the start of a prolonged period of currency weakness, trade balance swung toward surplus in 2001.

Brazils' fast-growing production of commodities coincided with, and was partly prompted by, Chinese demand for soya and iron ore, as well as certain manufactured goods. Pushed by the agricultural sector interests, Brazil's foreign policy has worked to expand its presence in foreign markets, including with a more diversified range of trade partners, and to resolve its foreign debt (in 2008, Brazil became a net external creditor). The country's increasingly open economy made the government more sensitive to the norms imposed by the dominant powers through organisations and initiatives such as the WTO. In order to both counteract this influence and to protect Brazil's growing interests abroad, the government began assuming a more active role within key international organisations even as it pursued more bilateral and regional agreements.

Building on President Cardoso's initiatives, President Lula (2003–2011) worked to channel the newfound national confidence that Brazil had gained through its economic growth and democratic consolidation into a more proactive diplomacy. When President Lula proclaimed in 2003 that Brazil was ready to 'assume its greatness,' he expressed the widespread sentiment that Brazil's time had arrived. In his inaugural speech, he also specified that that one of his top foreign policy priorities would be to push for the 'democratisation of international relations without hegemonies'.<sup>12</sup> In terms of policy, this position translated into an increasingly vocal call for greater participation by Brazil and other developing countries in a variety of international forums.

At the same time, nationalist groups within the Ministry of Foreign Affairs and the federal government sought to develop a foreign policy that would be more autonomous of the US.<sup>13</sup> This group held the view that domination of the international system by the US and Europe had hampered Brazil's own development as well as that of other developing countries. There was also a growing sense that the US in particular would not be able to maintain its position of unipolarity indefinitely. Brazilian foreign policy 'grand strategy' moved towards hastening the transition to a multipolar order that would be more favourable to the interests of Brazil and other developing countries.<sup>14</sup> Much of the shift occurred at the level of rhetoric only, but the administration also worked to strengthen Latin American ties and to block further negotiations of the FTAA.

The regional efforts had limited success, both politically and economically. Brazil tried to strengthen alliances with Venezuela, Bolivia, and Cuba

as a way of counterbalancing the US and Europe. Yet Brazil met with far less support from its South American neighbours than it had expected, even as it maintained two hopes: to attain a position of greater leadership among developing countries, and to strengthen South-South ties (as reflected in episodes of overreach, such as when President Lula attempted to broker a dispute between Iran and the international community over Tehran's nuclear program in 2010). Despite the diversification of ties abroad, the three key goals of Brazilian foreign policy during that decade were never met: attaining regional leadership in Latin America, securing a permanent seat in the UN Security Council, and concluding an agreement at the Doha round of the WTO.<sup>15</sup>

Despite these failures, Brazil's relative growth, political stability, and economic windfalls allowed Brazil to project itself internationally, especially in the agriculture sector, where its position as key supplier of commodities has boosted the country's international role. From mid 2003 to mid 2010, Brazilian exports grew threefold, from US\$66 billion to 169 billion. Brazil's international reserves soared, and foreign debt shrank. In 2007, the discovery of offshore oil reserves strengthened the promise of future growth. Thus, despite its foreign policy misadventures, Brazil began to show a new level of assertiveness abroad. This was helped, to some extent, by the economic crisis that began in 2008, which – despite affecting Brazil – also opened up more space for manoeuvre internationally as the industrialised economies were weakened. Some foreign policy strategists viewed the crisis as confirmation that a global power shift was under way.<sup>16</sup> This led the Brazilian government to intensify its institutional strategies – of which the G20, IBSA, and BRIC, were key parts.

Where trade was concerned, President Lula continued to call for the elimination of US and European agriculture subsidies. There was a push to boost regional trade integration, for instance through the May 2003 formalisation of Unasur, which sought to integrate two existing customs unions (Mercosur and the Andean Community of Nations) into a community along the lines of the European Union. Later that same year, Brazil joined China, India, South Africa and Argentina at the Cancun meeting of the WTO and successfully resisted the broadening of the Doha Round agenda against the interests of the US, the European Union, Japan and Canada – a move that launched Brazil as a key negotiator of major international economic issues. The creation of the G20 in the wake of the crisis as a key forum for managing globalisation was thus a major step for Brazil; in this forum, as in others, Brazil has continued to articulate the three main goals of its economic foreign policy.

### THREE INTERRELATED GOALS

As a large developing country, Brazil is interested in a multi-lateral trade system that expands market access for its exports. From 2009 to 2011, Brazil's trade to GDP ratio was 22.7 per cent, reflecting the importance of commerce to its economy. Brazil has also become a key player in international trade negotiations and is arguably the most successful developing country user of the WTO's dispute settlement process, in terms of both the quantity of cases and those cases' systemic implications, (notable examples are Brazil's influence on for the regulation of sugar and cotton trade). Although it is among the WTO members with most diversified interests, as reflected in its participation in different negotiating groups,<sup>17</sup> Brazil has developed three identifiable goals that drive its current economic foreign policy:

The first is to use trade and investment as a tool for promoting economic development and reducing external vulnerabilities as they relate to trade and foreign direct investment. Brazil's days of intense protectionism are long over (despite specific protectionist measures targeting products or trade partners), and trade – an important driver of Brazil's recent growth – has become a significant part of the Brazilian foreign policy agenda. To help sustain this trend, the government seeks to secure market and resource access to the large industrialised countries while exploring new opportunities in other developing countries.

Brazil also has a strong interest in attracting more FDI, which helped the country to industrialise over the past few decades. Macroeconomic stability, growth of the domestic market, and favourable government policies have helped to increase the inflow of FDI over the past ten years.<sup>18</sup> In 2011, Brazil jumped from fifteenth to fifth place among major destinations of Foreign Direct Investment (FDI). FDI in Brazil grew from US\$25.9 billion in 2009 to US\$48.4 billion.<sup>19</sup>

Brazil's strategy abroad has involved the Brazilian National Bank for Development (BNDES), which extends credit lines to countries interested in contracting Brazilian companies' services. President Lula's administration bolstered the resources available through BNDES and used changes made by President Cardoso to the legal status of BNDES to significantly increase the bank's activities abroad, especially in South America, following the geographic priorities of Brazilian foreign policy (BNDES 2003). BNDES created a division dedicated to international affairs in 2008, opened offices in Montevideo and London, and began helping Brazilian companies to establish a branch abroad ones.<sup>20</sup> Thus BNDES became a tool not only for boosting economic growth at home but also a venue for Brazilian economic

interests abroad, further linking domestic economic interests to international ones.

b) The second goal is to help make the global trade and finance governance systems more representative of the interests of developing countries. In addition to calling for greater participation in the IMF, World Bank, and the UN system, Brazil has pushed for changes in the way that global trade is carried out, especially in the agriculture sector. As an active participant in the WTO, Brazil has supported strengthening the Special and Differential Treatment (S&DT) – a GATT provision exempting developing countries from the same strict trade rules and disciplines of highly industrialised countries – as part of an agreement on agriculture meant to strengthen food security and boost rural development. Brazil participated actively in the Cairns group, an interest group of 19 agricultural exporting countries, founded in 1986. Through the group, Brazil has helped to build a coalition of industrialised and developing countries that export agricultural goods. More recent efforts have involved other informal groupings dedicated to specific issues. When Brazil changed negotiating strategies and helped found the G20, it joined other developing countries in articulating a ‘southern agenda’ for agricultural trade that seeks to remove Northern protectionist barriers.<sup>21</sup>

c) The third goal blurs the boundaries between economic and political objectives: to consolidate Brazil’s position as a major negotiator of international economic issues and as a spokesman for the developing world. Brazil has already gained legitimacy as a major player in agricultural negotiations, even though the heterogeneity of trade interest among commodity-exporting economies makes it difficult to reach common positions. Despite the failure of WTO talks to progress in terms of content, Brazil (like India and China) has managed to raise its profile within the hierarchy of international commerce, participating in a variety of high-level groups. Its active role within the G20 has allowed it to take part in a wide gamut of discussions related to reform of the global trade and financial systems, as well as the legitimacy of traditional development models.

## FROM IBSA TO BRICS

Over the past decade, Brazil has pursued these three interests by expanding bilateral ties (including free trade agreements) and by joining a variety of regional and inter-regional groupings. IBSA brought together three countries that were already both regional and global players in economic negotiations – all three, for instance, played a key role in the failure of the WTO’s Cancun conference by calling on the industrialised countries to reduce subsidies to agriculture. The cross-regional alliance offered Brazil promising

new economic possibilities. It also meant an opportunity to strengthen strategic ties with developing countries whose regional influence in other continents was growing rapidly. China has displaced the US and Europe to become Brazil's top trade partner, and Brazil's trade and investment links with Africa have grown exponentially since the beginning of President Lula's administration as part of a broader drive to diversify the country's economic foreign relations. Given the growing importance of both Asia and Africa to Brazilian foreign policy, IBSA thus gave Brazil yet another direct link to two priority regions under a single umbrella organisation.

Although in some areas IBSA remains more rhetoric than practice, the relatively successful experience of this tripartite alliance in terms of trade and cooperation has helped to consolidate Brazil's multi-lateralist strategy with other developing countries in economic issues. Not only do such alliances fit Brazil's economic interests in terms of trade and investment, they also provide increased leverage for systemic reforms and soft balancing strategies.

In many ways, Brazil's participation in IBSA served as a precursor to its membership in the BRICS. In 2009, when Brazil, Russia, India and China held the first official BRIC summit in Yekaterinburg, discussions focused on economic issues. In addition to the role of these countries in the global response to the crisis, the participants discussed international trade, the role of the US dollar as reserve currency (and its possible substitution) and the participation of developing countries in international organisations. During subsequent ministerial meetings and summits, the most well developed theme has been that of economic and financial issues – as reflected in the frequency of meetings of finance ministers and central bank presidents. Brazil's membership in the BRICS is appealing to the Brazilian government for a variety of reasons related to the three key economic goals described earlier.

## BILATERAL TRADE AND INVESTMENT

Despite the multi-lateral nature of a grouping like BRICS, some of the economic motivations for taking part in it are primarily bilateral. Like IBSA, BRICS offers Brazil opportunities to enhance ties with emerging economies that have become increasingly important trade and investment partners. In 2007, Goldman Sachs estimated that if recent levels of growth were maintained the BRICS would overtake the G7 as the main contributors to the world's economic growth within the following couple of decades.<sup>22</sup> While this remains to be seen, trade among the BRICS has been growing rapidly. The total volume is expected to more than double to US\$500 billion by 2015, from the current level of US\$212 billion. Ministers from the member



countries have also begun to explore ways to strengthen intra-BRICS cooperation in customs, trade facilitation, investment promotion for small and medium enterprises, trade data collection and intellectual property rights. There are also bilateral currency initiatives that could potentially be enhanced through the BRICS. For instance, Brazil and Russia have discussed trade using local currencies; with China, Brazil has explored the idea of a reciprocal currency purchase as a way of boosting reserves.

Each of the BRICS presents specific economic opportunities and challenges for Brazil. Among the BRICS, China is by far the most important economic partner (and competitor). Brazil's strategic partnership with China was established in 1993, and since then economic ties between the two countries have increased substantially. In 2009, China displaced the US as Brazil's top trade partner; two years later, trade surpassed US\$10 billion. Moreover, China's sheer size makes it essential to Brazil's economic future. The Chinese economy is larger than that of the other BRICS combined, as are its exports and foreign exchange reserves. Chinese demand for Brazilian commodities is likely to continue, and the expansion of the Chinese middle class and the domestic market as a whole presents a huge potential market for Brazilian firms. China's cumulative investments in Brazil topped US\$13 billion in 2011, and Brazilian consumers are benefiting from the availability of China-made goods.

On the other hand, China presents a number of challenges. First, the same low-priced Chinese manufactured goods that many Brazilians now find stocked on store shelves are feared as unwelcome competition by Brazilian manufacturers, especially in the textile and automobile sectors. Second, the trade asymmetry seems to be growing as Chinese exports become more technologically sophisticated.<sup>23</sup> Almost 90 per cent of Brazilian exports are commodities, whereas almost 90 per cent of what it imports consists of manufactured products.

China's currency policies are also problematic for Brazil; the Chinese government has worked to keep its currency relatively weak, which hurts Brazil's exports and makes it even harder for Brazil to compete with Chinese manufactured goods. In reaction, both the Lula and Rousseff administrations have implemented protectionist measures, especially in the automobile and textile sectors. Third, cheap Chinese exports represent growing competition for Brazilian-manufactured exports in third markets, especially in Latin America. Finally, the relative economic (and, in some ways, political) weight of China within the BRICS means that the grouping runs the risk of being dominated by Chinese interests, some of which run counter to those of Brazil. For instance, although President Lula designated China as a full market economy in 2004 – easing restrictions on Chinese imports – the expected payoff, Chinese support for Brazil's Security Council bid, was not



achieved. Such tensions tend to hamper solidarity among BRICS members, potentially limiting the economic gains for Brazil via bilateral trade with the other countries.

In comparison with China, the other BRICS are less important to Brazil as trade and investment partners, but these are also promising markets in their own right. Brazil's economic ties to Russia, albeit relatively small, have been increasing over the past five years. Brazil is Russia's main trade partner in Latin America, exporting sugar, pork, beef and coffee to Russia; in turn, Russia is an increasingly important exporter of fertiliser. President Lula visited Moscow four times and signed an agreement of strategic partnership with President Dmitry Medvedev. Trade between the two countries grew five times between 2002 and 2008, and the governments have signed new agreements for cooperation in commerce as well as military and techno sectors. There has also been talk of using local currencies for trade and attempts to overcome trade tensions over quotas for wheat imports and over the Russian embargo of pork from three Brazilian states. In 2011, Russia expressed the desire to expand trade relations with Brazil, diversifying the products being traded beyond the traditional trio of meat, coffee and sugar.

In recent years, exchanges between Brazil and India have grown considerably – trade between the two countries almost tripled within three years, from US\$1.2 billion in 2004 to US\$5.6 billion in 2009. India's high-tech services industry holds promise for Brazil. Cooperation between the two countries has been increasing, not only within the IBSA initiatives (including the 2009 trade agreement between India and Mercosur) but also bilaterally, especially in science and technology, pharmaceuticals and space. The governments of Brazil and India have launched a series of initiatives geared at expanding trade and investment. Among these are a variety of trade fairs and the CEO Forum, which was co-sponsored by Petrobras and the Tata Group. In September 2010 a ministerial meeting was held to further boost ties between the two countries' business communities. However, the two economies are not always complementary; while Brazil insists on a significant reduction of tariffs in agricultural trade within the global trade system, India opposes the move.

Finally, Brazil also has growing interests in South Africa, as well as in neighbouring countries in Africa where South Africa has been investing heavily. As with India, Brazil's relations with South Africa have deepened in part as a result of IBSA cooperation (the South African Customs Union, SACU, signed an agreement with Mercosur in 2009; the agreement is pending ratification before full implementation, and it may further boost these ties). In 2008, Brazil exported US\$1.750 billion to South Africa (primarily soybean oil, poultry, sugar, automobiles and automobile parts) and

imported US\$770 million (including automobile parts, chemicals and security systems).

On the other hand, lingering trade tensions inhibit further expansion of these trade ties. For instance, South African wine exports have met with bureaucratic obstacles when entering Brazil, and in 2011 Brazil filed a formal complaint with the WTO calling on South Africa to lift a trade embargo imposed on Brazilian pork following a 2005 outbreak of food-and-mouth-disease in the state of Maranhão.

Brazil's bilateral interest in the BRICS thus spans issues as diverse as trade, investment, currency policies and development cooperation. These interests frequently overlap with the second objective of Brazil's membership in the grouping: the push for reform of global economic governance, as detailed below.

## REFORM OF ECONOMIC GOVERNANCE

From the Brazilian viewpoint, the current system for international trade and finance does not adequately represent the interests of developing countries, particularly given the rise of key emerging countries, including Brazil, China and India. The Washington Consensus prescriptions pushed by the Bretton Woods Institutions during the 1980s and 90s added to this suspicion. There are already some changes under way reflecting the new balance of power. For instance, within the WTO, the 'Old Quad'—which included the US, the European Union, Canada, and Japan—has been replaced by a new core group comprising the US, the European Union, Brazil, and India (and lately, China). However, greater diversity has also increased the propensity for multi-lateral deadlock within the WTO, as demonstrated by the Doha Round.<sup>24</sup> Moreover, reform of global economic governance has a long way to go before the system becomes more representative of ongoing power shifts.

As a result, Brazil questions the current voting structures, quota systems, and director selection processes of the IMF, World Bank, and related institutions— a view generally shared by the other BRICS countries. Brazil's stated objective is to grant each member the voting power that corresponds to its relative weight within the global economy. In April 2010, thanks to an agreement by the G20, 3.13 per cent of World Bank quotas were transferred to developing countries and Brazilian voting power increased from 2.06 per cent to 2.24 per cent. Even though Brazil (along with China) was one of the biggest beneficiaries of this reform, Brazil's position is that the quota reallocation so far does not suffice, and that the ongoing economic crisis has made the representation reform process even more urgent.<sup>25</sup>

In terms of trade, the domination by the G7 has helped the US and Europe in particular to maintain agricultural subsidies that inhibit

Brazilian commodities exports. At the General Assembly in 2006, President Lula argued that these subsidies are 'oppressive shackles that hold back progress and doom poor countries to backwardness'.<sup>26</sup> It remains to be seen whether the BRICS can set aside trade disputes and coordinate positions at the WTO, G20 and other multi-lateral forums as suggested during the 2012 BRICS summit in New Delhi.

Some Brazilian foreign policy analysts believe that, if developing countries attain a bigger role in international politics, the international institutions that regulate trade, finance and development will better avoid cookie-cutter development models (such as the Washington Consensus approach) that do not necessarily benefit the target countries. As a result, Brazil has signed a number of South-South cooperation agreements and memoranda of understanding with other BRICS. Two agreements have already been signed by Brazil's BNDES, China's Development Bank (CDB), Russia's Vnesheconombank, India's Eximbank and South Africa's DBSA. The first will provide loans in local currencies rather than in US dollars. The second determines the conditions for bilateral arrangements for financing exports among the BRICS. Such agreements, argues the Brazilian government, will provide BNDES with greater opportunities to support the growth of national companies, which have been increasingly internationalised.<sup>27</sup>

There is also a broader proposal to form a joint BRICS development bank, due to be launched in 2013. Once fully established, the BRICS bank would focus on infrastructure and act as an alternate lender to the World Bank and other development financing bodies. Although Brazil already has the BNDES, the Brazilian government argues that such a bank is needed because the Bretton Woods institutions are unable to meet demand for such projects around the world. Defending this proposal, Luciano Coutinho, the president of BNDES, has noted the need for infrastructure projects, including hydroelectric dams, in Africa. Since Brazilian construction companies have been especially active abroad, including in geographic priority areas such as Africa, this initiative seems to serve Brazil's foreign policy interests in economic cooperation.

## LEADERSHIP IN GLOBAL ECONOMIC NEGOTIATIONS

Brazil's role as a significant player in international economic negotiations first became evident in its participation in GATT and the WTO. Brazil successfully waged two landmark trade disputes against the US and EU and later launched a coalition of developing countries that ended the dominance of the US and EU at the WTO.<sup>28</sup> This growing protagonism became even clearer at the 2009 G20 summit in Pittsburgh; the decision to include major

developing countries like Brazil in the expanded group reflects Brazil's growing standing alongside other now-members of the BRICS.

If the BRICS are able to articulate at least some common positions on global trade, development and other economic issues, Brazil's membership in the grouping may help Brazil to consolidate its role as a key negotiator of global economic issues. Brazil's strength in agriculture – not only as an exporter but also as a producer of knowledge and technological innovation – makes it an important player in food security, a topic that has become more important to the BRICS. A joint statement released by the BRICS trade ministers before the Delhi summit blamed subsidies in agriculture imposed by industrialised countries for distorting trade and 'undermin[ing] the food security and development prospects of developing countries'. Subsequent statements have linked the ongoing global crisis to these distortions, arguing that 'the developed and developing countries should address the food security issue according to the principle of common but differentiated responsibility'.<sup>29</sup> This broad yet common position may provide Brazil with an additional platform through which to play its part in global economic negotiations, perhaps eventually even outside the realm of agriculture.

However, in order to consolidate and expand its role as a negotiator of economic issues at a global scale, Brazil will have to sort out its multiple negotiating roles, for instance the contradictions that arise out of negotiating within the WTO while also representing the interests of developing world in overlapping informal groupings, including the BRICS. This also applies to the overlap between IBSA and the BRICS. From the viewpoint of Brazil's economic interests, would the BRICS be a better platform through which to advance the interests of enhancing commercial ties, strengthening economic cooperation and reforming the global system, or should Brazil stick to IBSA, where both its partners shared a democratic rather than authoritarian regime? So far, there seems to be a reasonable division of labour between IBSA and BRICS that might benefit Brazil: while IBSA can focus on complementary target areas and on tackling socioeconomic and development issues, the BRICS, having more leverage both politically and economically, may be more suited to addressing issues at a global level.

## CONCLUSION

Broadly put, Brazil's economic stake in the BRICS is the sum of three inter-related goals: to strengthen trade and direct foreign investment; to push for reform of the global economic governance system; and to consolidate its position as a key negotiator of economic issues at a global level. As an informal (and thus, highly flexible) forum, the BRICS offers Brazil the change

to pursue these goals so as to expand economic opportunities through bilateral and multi-lateral ties while contributing to the ongoing shifts in the configuration of the global balance of power. In other words, Brazil's participation is part of a broader 'middle power strategy' for securing resources for development and expanding its influence abroad.

Taking advantage of the BRICS platform will require overcoming some of the antagonistic interests among individual members – both bilaterally and multi-laterally. In terms of bilateral links, Brazil still has to tackle a variety of trade disputes, asymmetries and power imbalances. Overcoming these asymmetries will require not only stepping up trade negotiations but also implementing domestic policies to strengthen and diversify Brazil's economic base. At a multi-lateral level, the grouping's relative lack of cohesiveness may hamper attempts to coordinate positions of the member states in other, more formal organisations.

Finally, the sluggish economic performance of the BRICS in 2012 raises questions about the long-range sustainability of BRICS trade flows and their role within Brazil's broader economic strategy. Whether this slowdown is a temporary trend or part of a longer pattern will be crucial to determining how much Brazil can benefit from (and is willing to invest in) the BRICS grouping. This timing is particularly important because the 2013 Summit in Durban may bring the launch of new concrete initiatives, such as the BRICS Bank, whose functioning will depend on the economic health of member countries.

While the hurdles are significant, the same heterogeneity of interests that contribute to tensions among the BRICS could create more opportunities for Brazil. In some cases, the diversity among the members offers economic complementarities that may proffer benefits through trade and investment. On other occasions, Brazil may be able to mediate tensions between other members in order to push for a coordinated position. Having already proven its ability to secure concessions and broker compromises in the field of agriculture, Brazil might extend this negotiating agility to other areas in which the BRICS are launching initiatives or attempting to articulate a common vision. At any rate, it is becoming clearer that Brazil's economic stake in the BRICS grows as the grouping becomes more cohesive.

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- 2 Soares de Lima and Hirst, 2006; Keohane, 1969.
- 3 Pape, 2010.
- 4 Gries, 2005; Ikenberry, 2003.
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- 29 BRICS, 2009.

## Brazil in BRICS, a Manifest Destiny? Opposing views of Caracas and Itamaraty

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'The unity of our peoples is not mere illusion of men but an inexorable decree of destiny.' Simón Bolívar

'Men know how to convert obstacles into new ways of doing things, because for life the space of a crack is enough to flourish.' Ernesto Sábato

### INTRODUCTION

**T**he building of a new World Order is one of the hardest tasks of world diplomacy. The BRICS initiative seems to be a successful model of South-South cooperation in the sense that it constitutes an example of dialogue and counterbalance of power. This appears to have endowed its members the right to become 'the voice' of the South, but among the poorest countries of this region there is the fear that these emerging powers speak mostly in defence of their particular interests. As Wheeler highlights:

Countries of the South differ widely in character and their interests may diverge greatly [...] Even though these States occupy a common position on some issues and share certain of their goals and ambitions, their interests do not necessarily converge, even in their relation with the developed North.<sup>1</sup>

These differences lead to fragmentation rather than cohesion in the efforts of the South to address its problems. Besides, the differentiation in power of the developing countries may be a limitation to participation at the multi-lateral level and even a potential risk in the sense that it can harbour a kind of predation on the South by the South. In other words, some may assume to speak for the rest, while actually, most of the time, they speak



for themselves. The systematisation of the monopoly of their discourse is a risk for the poorer countries whose interests are marginalised.

In the case of BRICS, as pointed out by Maria Regina Soares:

A relevant point is that global recognition comes along with regional recognition. For some authors legitimacy at a regional level is needed to attend international projection due to the fact that the global powers tend to value the emergent's contribution to regional stability; but this delegation of such a responsibility may reveal itself as a sort of sub imperialism carrying a loss of legitimacy or fear among their neighbors considering the differences of power potential.<sup>2</sup>

On this basis, the search for new political, economic and social practices represents a challenge to redefine new horizons in this matter. The necessity to familiarise ourselves with the different circumstances of our particular societies is a call to deepen the study, dissemination and promotion of the different experiences that take place daily in our continents.

Brazil in BRICS, a 'Manifest Destiny'? It seems so. Nevertheless, along with some authors we would like to warn about the dwindling of South America's importance on Brazil's foreign policy agenda precisely because of its status as a global player, which questions the legitimacy of its assumed advocacy on behalf of the region. We therefore invite you, dear reader, to keep your eyes wide open to the alternatives, in order to get a better understanding of this part of the South.

This chapter will review the increasing leadership of Brazil in South America in contrast with the Bolivarian option represented by Venezuela, two different versions of the nationalist impulses that confront post-liberal regional counter-tendencies at a time when the region faces important challenges imposed by its satellite status inherited from colonial times. The proposed case of study is an example of the current problems in implementing the integration dreamt by Bolívar<sup>3</sup> and prescribed by the United Nations Economic Commission for Latin America and the Caribbean (UNECLAC or ECLAC; Spanish: CEPAL)<sup>4</sup> within the frame of the dependency theory. The argument is that the varying national strategies of insertion into the global economy are playing against it and explain certain regional reluctance against Brazilian foreign policy which is seen as a kind of sub-imperialism.

## **SOUTH AMERICA AND THE FRAGMENTATION OF THE NATIONAL STRATEGIES OF INSERTION INTO THE GLOBAL ECONOMY**

The North American Free Trade Agreement (NAFTA) between the United States, Canada, and Mexico, is a step towards the formation of a political and cultural entity that aims to maintain the global hegemony held by the United States in the 20<sup>th</sup> century. Meanwhile, South America, with marked deficiencies at the technical and scientific levels – among other limitations – struggles against its satellite status acquired in the last 500 years.<sup>5</sup> Integration is seen as the best solution for regional problems, but there is no agreement on the best way to implement it, and therefore on the best way to insert itself into the world economy.

The failure of the WTO's Doha Round's call to eliminate agricultural subsidies<sup>6</sup>, helped to change perceptions in the region of the supposed advantages of free trade,<sup>7</sup> resulting in a sort of 'post-liberal regionalism' that, in theory, would benefit the integration objectives. As noted by Motta Veiga and Rios:

The basic hypothesis of the 'post-liberal regionalism' is that the liberalization of trade flows and investment, and their consolidation in trade agreements are not able to generate substantial benefits, and in fact reduce the space for the implementation of national policies for development and the adoption of an integration agenda concerned with issues of development and equity [...] In the case of South American integration, the effect of this attitude of preservation is the reluctance to share economic sovereignty in areas that would be necessary to advance the integration objectives.<sup>8</sup>

But the region is far from having a common strategy. The fact that Peru and Colombia signed bilateral agreements with the United States while they were members of the Andean Community of Nations showed the growing gap between countries that are prone to integration in a broad sense (growth of commercial, economic, cultural and human flows) and those that prefer and promote a 'formal integration' within a political framework.<sup>9</sup>

The origin of this division is the taking of power, in several countries in the region, starting with Venezuela in 1998, of 'nationalist' governments whose very identity is bound to the criticism of the model of 'open integration' with a commercial agenda that took hold in the 90s. It opened a cleavage between 'liberal' countries that remained aligned with the view of openness to the global economy and those more 'nationalist' who sought to break with the former model by expanding the agenda. This major cleavage, however, does not reflect all the relevant divisions in the region. For instance, despite some common nationalistic rhetoric, the policies of Caracas, leader of the ALBA,

and Itamaraty, undisputed head of MERCOSUR, differ in their way of relating to the North and collide in the very institution that aims to unite them, UNASUR.<sup>10</sup>

According to Sorj and Fausto,<sup>11</sup> the difficulty in generating comprehensive consensus would not be circumstantial, but intrinsic to the post-liberal regionalism present in the region over the past ten years, and related to external and internal factors.

The global geopolitical changes, among which some authors emphasise, above all, the decrease in the relative weight of the US in South America and the rise of the importance of trade and investment with Asia in general and China in particular,<sup>12</sup> reinforce the regional centrifugal tendencies. For most South American countries, including Brazil and Venezuela, the region loses relative importance in the middle of exponential growth in trade flows with Asia, especially China, but also with other emergent powers such as Russia and Iran, depending on the political preferences of the governing elites.<sup>13</sup> Sorj and Fausto (2010) examine this last point. In their opinion:

The dynamics of Latin American countries are not, and never were, a mere by-product of changes in the global system and/or the will and interests of powers outside the region. [...] Possible alternative models of economic and geopolitical insertion in the international system must be understood as resources that are creatively appropriated by national social and political actors, and translated into proposals for the government reflecting interests and ideologies of specific groups according to the different characteristics of countries or groups of countries in the region.<sup>14</sup>

Below we will take a look at the specificities of Brazilian and Venezuelan regionalism respectively.

## BRAZILIAN REGIONALISM

In recent literature on foreign relations in Latin America, and particularly on Brazil's foreign policy, it is clear that Itamaraty, since the arrival to power of Lula da Silva, intends to become the political and economic leader of the region.<sup>15</sup>

Lula, as everybody came to know him, appointed a close academic as special counsel for relations with Latin America and instructed his foreign minister to reform the bureaucratic structure of the Foreign Ministry to reflect the renewed attention to the region. Besides, he implemented an intensive programme of visits to neighbours, was personally involved in South American elections, consolidated the mediating role of Itamaraty and

sponsored a flood of new regional initiatives, most notably the Union of South American Nations (UNASUR).<sup>16</sup> He also served as the driving force behind the meeting of South American countries with Arab and African countries.<sup>17</sup>

However, this shift needs to be qualified. Brazil's commitment to the region tends to be selective and favours its national interest above all. The idea was that regional integration should serve as the primary objective for ensuring an increase in power and autonomy in its broader strategy of integration into the global economy and projection in the international system. That is why Spektor does not hesitate to say:

The logic behind Brazil's choices is not that of a South American entity being useful to promote regional coordination or manage common problems typical of the complex interdependence between porous borders in the region. Instead, the logic was to use a new regional order as a tool to assure a space to maneuver against the financial crisis and a dying and decadent MERCOSUR. Thus, the bet for 'South America' had less to do with new ideas on collective governance or on alleged common regional identity, than with a calculation based on considerations of power and autonomy.<sup>18</sup>

Over the past years, strategy has involved two processes, not necessarily convergent: First, an explicit expression of preferences for candidates, parties and governments of the 'left'. Second, the direct or indirect promotion of Brazilian companies in neighbouring countries, not by association but by acquiring local companies and/or taking advantage of opportunities to exploit natural resources in 'intensive government' sectors – that is, public or private companies that have state support, both political and financially speaking. But today, Brazil's bet is to leverage the regional infrastructure improvements with the construction of highways and waterways, in a plan that involves most of the neighbouring countries and is located primarily in the Amazon. Funding, as in many of the cases above, is covered by the Brazilian government through the National Bank for Development (Portuguese: *Banco Nacional do Desenvolvimento*, BNDES). According to experts, the credit extended by this entity has grown more than the funds provided by the IMF or the World Bank.<sup>19</sup>

The figures are revealing. In the case of Venezuela, according to Pedro Silva Barros and Luiz Fernando Sanná Pinto<sup>20</sup> from the Venezuelan branch of the Brazilian Institute of Applied Economic Research (Portuguese: *Instituto de Pesquisa Econômica Aplicada*, IPEA), the bilateral trade has multiplied more than sevenfold. The presence of Brazil has increased, as well as its technical cooperation, and this led to the representation of Brazilian public

agencies in Caracas.<sup>21</sup> The biggest challenge, in their opinion, is to transform the cyclical growth of trade in a productive integration.

Katz, in a radical analysis of the role of Brazil in the region, does not hesitate to label it as 'the candidate to command an oppressive multi-polarity'<sup>22</sup> which, in his opinion, would enhance the association of local elites with hegemonic powers. For this author, the geopolitical rise of the BRICS likely includes a sharp conflict with the capitalists of the centre.<sup>23</sup> However, these conflicts would tend to be resolved through strategic alliances like those that have been formed in recent decades and that have led to striking asset purchases in the advanced economies by emerging multinationals and the controversial Eastern participation in the rescue of the US banks. Therefore, in his opinion, 'a multi-polar scenario which includes them, would restructure oppression and obstruct popular emancipation.'

Whether one agrees with him or not, certainly, as Brazilian direct investment in the region increases, the risk is that political tensions will aggravate due to the fact that there are no appropriate mechanisms to manage them, given that UNASUR does not have the power or the formal instruments to define stable rules for trade and investment flows within the region. More appropriate for that purpose would be MERCOSUR and the Andean Community. These, however, lost strength in the same process that led to the creation of UNASUR.

The discomfort is so evident that some authors have dusted off terms like 'sub-imperialism' on the part of the 'Giant of the South' in the quest of its 'Manifest Destiny'<sup>24</sup> Others, using a more modern language, have raised the question of whether it is a new 'hegemon'. But apart from this dark side of Brazilian economic diplomacy, it seems that there is a positive perception of its leadership.

Within the less-developed countries of the region, typically Bolivia and Paraguay, the reaction to the danger of what is perceived as economic dependence becomes fear and resistance to 'Brazilian sub-imperialism'.<sup>25</sup> But Gerardo Arellano, Director of the School of International Studies at the Central University of Venezuela, in an interview in April 2012, expressed himself in these terms:

At the regional level I think the Brazilian foreign policy has to review some sensitive areas regarding trade as the commercial dynamics at the interior of MERCOSUR, where Brazil plays as a hegemon and promotes asymmetries instead of interdependence [...] Once this has been taken care of, we will be able to say that we have a great leader who knows about dialogue, manages himself within the protocol, and therefore assures us an honorable representation in the global context.

In Argentina, according to Roberto Russell and Juan Gabriel Tokatlian,<sup>26</sup> Lula's Brazil, inherited by Dilma, is defined either as an 'unavoidable' country or as an 'essential' country. But overall it is acknowledged as 'predictable', 'institutionalised', 'serious' and 'efficient'. To these authors it is 'the idea of Brazil as a country you need to consider, may be accepted with resignation, anger or joy, but has no major cracks.'

Focusing on the political aspect, however, there is a rival, and this rival is the Venezuela of Hugo Chávez, which ironically incorporates the 'Giant of the South' as a cornerstone in its geo-strategic plan.

## THE BOLIVARIAN ALTERNATIVE FOR THE AMERICAS (ALBA)<sup>27</sup>

Most Venezuelan analysts agree that among the main purposes of Venezuelan foreign policy in the second half of the 20<sup>th</sup> century were the promotion of concepts like representative democracy and self-determination, the defence of the principles of sovereignty and non intervention, and the concretion of Latin American integration and international economic cooperation. The different thematic lines, according to them, were defined by the interests and identities of Venezuela as part of the American continent (in its Latin, Caribbean, Andean and Amazon dimensions), and also as part of the West, the so called Third World and the OPEC.<sup>28</sup>

However, since 1999, Venezuela entered a new period in its political history with the victory of Hugo Chávez and the adoption of a new constitution, which decrees a 're-founding of the Republic and its institutions in the frame of the so called Socialism of the XXI century'. The transition from the IV to the V Republic<sup>29</sup> brought about a major shift in foreign policy based on a militant anti-imperialism, a more political Latin American integration and openness to other continents such as Asia and Africa, with the intention of promoting a multi-polar world and drawing a new global geopolitical map. South-South Cooperation is a central issue in the international agenda of the renamed 'Bolivarian Republic of Venezuela.', through which it seeks 'to promote a dynamic interaction between our countries in order to face with our own resources, knowledge and skills, many of our common problems due, to a large extent, to systemic deficiencies, asymmetries and inequities in International Relations'.<sup>30</sup>

The victory of President Chávez in the referendum of 2004 propelled geopolitical changes and played a key role in the international arena. Using financial resources from oil revenues, he deployed an international strategy contingent upon continental integration based on politics: The Bolivarian Alliance for the peoples of our America (Spanish: *Alianza Bolivariana para los Pueblos de Nuestra América*, or ALBA). This alliance seeks to implement a

series of interstate consortia that Venezuela would lead, including PetroSur, PetroCaribe, PetroAndina, Telesur, the South Bank and Great Southern Gas Pipeline, to name only the most important.<sup>31</sup> Besides this, the Venezuelan government has mentioned the aspiration of creating a South American armed force and a South Atlantic Treaty Organisation like NATO.

The Bolivarian Alternative for the Americas (ALBA) was designed primarily to contain the US hegemony as evidenced by its Declaration of Principles and other founding documents. This contrasts with the FTAA project and the overall neo-liberal model of development, which has deepened structural asymmetries and promoted the accumulation of wealth on the part of a privileged minority at the expense of the people's welfare. Thus, with ALBA, a new set of variables and concepts of strong ideological content was introduced, that, in general, promotes 'cooperative and complementary exchanges' and bolsters an ambitious programme of 'energy cooperation', the combination of which should compensate for asymmetries between the countries of the hemisphere and ultimately lead towards 'endogenous development', considered the only way to eradicate poverty and social exclusion.<sup>32</sup>

This cooperation, referred to as the 'interamerican para-system' (Spanish: *parasistema interamericano*) by Héctor Constant,<sup>33</sup> is certainly a parallel system that aims to subvert the one in place. It was initially conceived in the context of the Third Summit of Heads of State and Government of the Association of Caribbean States (ACS), held in December 2001 on the island of Margarita, Venezuela. At that time, President Hugo Chávez stated:

We want a model that integrates us for real. Not a model that disintegrates us or that integrates some at the expense of the disintegration of others; that should not be the way. We propose that we think once and for all, in an alternative, even if we believe it is not possible. I think we could begin discussing about what might be called the ALBA, the Bolivarian Alternative for the Americas.... Certainly, integration is vital for us. Either we come together or we sink. Let us take the right decision, and choose the alternative.

In practice, it was implemented with the Joint Declaration signed by the presidents of Venezuela and Cuba on 14 December 2004. Subsequently, a number of other Latin American and Caribbean nations have accepted Chávez's call by signing the Peoples' Trade Agreement (Spanish: *Tratado de Comercio de los Pueblos*, or TCP) which aims to implement the principles of ALBA. These countries include Bolivia (20 April 2006), Nicaragua (11 January 2007), Dominica (26 January 2008), Ecuador (24 June 2009), Antigua and Bermuda (24 June 2009) and St. Vincent and the Grenadines (24 June 2009).<sup>34</sup> This can be seen as an achievement in itself.



As is obvious when reviewing the list of its members, what makes this proposal feasible beyond the abundant financial resources of Venezuela is the common socialist penchant of most governments and their antagonism against the US.<sup>35</sup> This common ideology allows ALBA to become an important voice in the region and in the international arena, which according to Héctor Constant<sup>36</sup> would count in making a positive balance thus far, despite the low level of institutionalisation and the lack of monitoring of agreements.

However, Chávez himself seems aware of the limitations of a proposal of this nature because it was not his only move on the regional chess board. Brazil has always been a key element in his geopolitical strategy. The bilateral relationship was buffered by ideological coincidences and a close personal bond with President Lula. This led to eight years of unprecedented partnership with Brazil that set a cooperation precedent. What is unknown is whether new Brazilian president Dilma Rousseff will follow the same path or if Caracas will keep this direction in a post-Chávez scenario.

All we can say right now is that the conclusions of the High Level Workshop in November 2004, which outlined the New Strategic Map of the Bolivarian Revolution, place Brazil in the context of two opposing axes: Brasilia together with Caracas and Buenos Aires would be part of the first one referred to by the government as the Orinoco-Rio de la Plata, which in its opinion, is susceptible to threats from the 'North American Empire'. The second, composed by Bogotá, Quito, Lima and Santiago de Chile, is called the 'monroist axis' in a clear reference to the Monroe Doctrine, meaning they are close to the 'enemy'.<sup>37</sup>

This view had its first concrete manifestation in the request by Venezuela to join MERCOSUR and its subsequent withdrawal from the Andean Community of Nations (Spanish: *Comunidad Andina de Naciones*, CAN), where Colombia and Venezuela were the biggest and most active members. This move responds, according to local analysts, to Chavez's calculated policy to rebuild the South American geostrategic board under the ideological debate that has dominated Venezuelan foreign policy and its confrontation with the USA.<sup>38</sup>

Some may think that the growing and challenging role of the Venezuelan president somehow overshadows Brazil's 'natural' leadership in the region. Certainly, they both count, each one in its own particular style, but they do not have the same weight. The truth is that the balance favours Itamaraty so far.



## A 'MANIFEST DESTINY'?

For Martínez Meucci,<sup>39</sup> Brazil would be the 'clear beneficiary' of the 'regional fragmentation' and more specifically of Venezuelan radical policy, in the sense that being a 'moderate leftist' had allowed it to assume a mediator role in regional crises related to some of the ALBA members. This first occurred with the Table for Negotiation and Agreement (8 November 2002 to 29 May 2003), a hemispheric initiative of crisis management during a Venezuelan coup attempt in April 2002.<sup>40</sup> Brazil's mediator role emerged again during the Bolivian crisis in 2008, a result of Evo Morales' nationalisation campaign,<sup>41</sup> and then again during the chaos generated by the Colombian incursion in Ecuador in 2009.<sup>42</sup> With time, this role has increased its regional and global status.

For Gonzalez Urrutia,<sup>43</sup> the difference between these two leaderships has 'antagonist' edges. In his opinion, 'the militaristic, populist, ideological and confrontational geostrategic vision of Hugo Chávez,' implemented by assuming a protagonist role through intra and extra regional alliances (ALBA, as well as Russia, Iran, China), thanks to the oil industry, is very different from the Brazilian model, which looks for reforms but avoids confrontation, and whose diplomacy is handled with balance, discretion and efficiency. That is precisely the reason why, in his opinion, Itamaraty has arrived to neutralise not only the Venezuelan president's speech but what he calls his 'ambitious and unconscionable personalistic projects'.

Indeed, the South Bank, the proposal to build the Southern Gas Pipeline from Venezuela to Argentina through Brazil, the Pernambuco refinery that was to be built with capital from the two countries, and the aspiration of creating a South American armed force and a South Atlantic Treaty Organisation like NATO either waned with time or were replaced by Brazilian initiatives such as UNASUR and the South American Defense Council, in part because of the conflicting views of Caracas and Itamaraty.

On the other hand, according to González Urrutia,<sup>44</sup> Chávez warmly welcomed the creation of UNASUR basically because it is a forum without the presence of the United States, Mexico and Canada, which is in line with its radical rhetoric. However, in his opinion, this decision works against the natural geopolitical reality that, until recently, has identified Venezuela as part of the Caribbean too. Therefore, assigning the subcontinent such a huge geopolitical importance isolates and weakens the Bolivarian Republic. For him, the fact that Mexico, Colombia, Peru and Chile have formed the belt of the Pacific and the withdrawal of Venezuela from the Andean Community made things even worse.<sup>45</sup>

Thus, we could say that the radicalism and excessive personalisation of Venezuela's foreign policy is both the motor that impells it and a risk to its

continuity. President Chávez's identification with the so called 'Socialism of the XXI century' may dissuade some important countries in South America to walk along with Caracas. Besides, the 'oil diplomacy' is vulnerable to economic crisis. A change in the price of the barrel, or a mismanagement of the Venezuelan oil industry, may affect the budget of the various projects going on within the ALBA.

Therefore, unless there is a change, Brazil will continue to capitalise on the almost general anti-liberal feeling of the region, but considering the different national interests and its status as a global player and as a member of the BRICS, serious doubts arise on the legitimacy of its assumed advocacy on behalf of the rest. Besides, as Itamaraty tends to diversify geographically beyond the continent, the prospect of an inertial evolution leading to the gradual reduction of the weight of South America in the foreign policy agenda now seems quite realistic.

## CONCLUSION

Brazil, the largest and most populous country in South America, true to the old adage of 'Manifest Destiny', has the intention of establishing itself as the political and economic leader of the region, with the objective of strengthening its position in the international arena, considering that global recognition is concurrent with regional recognition. Thus, its bet for South America has less to do with new ideas for collective governance or for alleged common regional identity than with a calculation based on considerations of power and autonomy.

To its neighbours, whether they are 'liberal' or 'nationalists', the main issue then becomes how to live with and relate to the 'unavoidable' country. However, some authors warn about the dwindling of South America's importance on Brazil's foreign policy agenda precisely because of its status as a global player, which questions the legitimacy of its assumed advocacy on behalf of the region.

Meanwhile, the integration envisioned by Bolivar and prescribed by the ECLAC continues to tumble despite the growing awareness of its need within the dominant 'post liberal regionalism' that has characterised the region over the past ten years. As demonstrated by the study of the differences between Caracas and Itamaraty, the difficulty in generating a comprehensive consensus on this matter is due to the different national strategies of insertion into the global economy.

Considering the case of Brazil in the context of South America, the BRICS are probably just buying a better place in the system and once they are the forerunners, will forget about changing it.

Anyway, to give up is not an option. The union of our people is, as Bolívar put it, an inexorable decree of destiny. It is our duty to convert obstacles into new ways of doing things. The space of a crack is enough to flourish.

## ENDNOTES

- 1 Wheeler, 2004, p.4.
- 2 Soares, 2010, p.156.
- 3 Spanish America at the time of independence, led by Simon Bolívar (most famously in the Jamaica Letter of 1815), had a vision of a confederation of Spanish American republics, forming a 'single nation', with a common policy towards the European enemy, and keeping the United States at arm's length. In that sense, in December 1824 Bolívar invited representatives of all the peoples and governments of America, except the United States, Haiti and Brazil, to a congress in Panama which did not reach its aim due to the particular interests of the different national elites. The various later attempts to create an American confederation, at conferences in Lima (1847–48), Santiago de Chile (1856), Washington (1856), Lima again (1864–65) and Caracas (1883, the centenary of Bolívar's birth), were also a failure for the same reason. See Bethell, L. (2010). 'Brazil and "Latin America".' *J. Lat. Amer. Stud.* 42, 457–485 f Cambridge University Press.
- 4 The United Nations Economic Commission for Latin America and the Caribbean (UNECLAC or ECLAC) was established in 1948 to encourage economic cooperation among its member states. Raul Prebisch, its first director, known as the father of the dependency theory, went on to conclude that the underdeveloped nations must employ some degree of protectionism in trade if they were to enter a self-sustaining development path through the creation of an internal market. He argued that import-substitution industrialisation (ISI), not a trade-and-export orientation, was the best strategy for underdeveloped countries, and therefore integration was his recipe for the region.  
ISI was gradually abandoned by developing countries in the 1980s and 1990s due to structural indebtedness from ISI-related policies on the insistence of the IMF and World Bank through their structural adjustment programmes of market-driven liberalisation aimed at the Global South. Integration then started to be seen as a tool to get more power to negotiate the insertion in the global trade. This was the origin of a new paradigm which was called 'open integration'.
- 5 Mata Mollejas, 2010.
- 6 The Doha Round of multi-lateral trade negotiations in the World Trade Organization (WTO) is now more than a decade old, but there are growing doubts over whether the members of the WTO will continue to invest much political capital in this apparently failing enterprise. Little progress has been made since the disastrous Cancun ministerial meeting of 2003, and negotiators have become increasingly vocal in expressing doubts over whether the differences between major participants can be resolved. We may now be in a period of transition to a post-Doha negotiating framework, the principal theme of which may be the fragmentation of negotiations into separate initiatives that are based either on distinct issues (e.g. plurilateral negotiations on services) or participants (e.g. more regional and crossregional negotiations) (SELA, March 2012).

- 7 Bernardo Sorj and Sergio Fausto, ECLAC, July 2011 p.5.
- 8 Pedro da Motta Veiga and Sandra Rios, 2011, p.225.
- 9 Motta Veiga and Rios, p. 224; Bernardo Sorj and Sergio Fausto, p.5. Although, certainly, as highlighted by Sorj and Fausto (*op cit*: 5), the issues are intertwined, as the formal integration in part reflects and reinforces existing flow dynamics resulting from the expansion of trade and the internationalisation of enterprises. On the other hand, one of the integration objectives is to allow the expansion created by the economic dynamics to be developed within a common political project, in order to reinforce the virtuous and cooperative dimensions of the process, reducing possible tensions associated with the growing presence of external actors in national economies.
- 10 In December 2004 MERCOSUR and the Andean Community of Nations signed a reciprocal associate-member status agreement and issued the Cusco Declaration stating that they would create a political South American Community of Nations. The Declaration purposefully invoked 'Bolívar's dream', noting that it would be partially realising his vision of uniting Latin America. The original name of the union was changed to the current one, the Union of South American Nations, in April 2007.
- 11 Sorj and Fausto, *Op Cit*: p.6.
- 12 Sorj and Fausto, *Op Cit*: p.2.
- 13 As explained in detail by Pedro da Motta Veiga and Sandra Rios (2011: 201–224), when analysing the evolution of trade in the first decade of the century, by country or destination block, one may find that intraregional exports remained at 21 per cent of the total. In contrast, the share of Asia as a market had increased significantly. In the case of China it grew from 2 per cent to 8 per cent, which contrasts with a decline from 24 per cent to 14 per cent on the part of the United States. Something similar happens with imports. Intraregional imports figures have not changed considerably, while the share of imports from the United States and the European Union decreased, and that of Asia in general and China in particular has substantially increased. Regarding the behaviour of the extra and intra-regional investment flows, it is worth noting the growing importance of political factors related to domestic policies.
- 14 Sorj and Fausto, 2010.
- 15 See Bernal Mesa 2008; Gomes, 2010; Hirst, 2006; Vilalva, 2010; Ferreira, 2011. Spektor (2011:1), however, traces the beginnings of this new interest and places it in the late 90s, when, encouraged by the progress of the regional integration programme initiated between Brazil and Argentina during the government of José Sarney (1985–1989), his successors Fernando Collor de Mello (1989–1992) and Itamar Franco (1992–1994) moved in the direction of 'unprecedented doses of political, diplomatic and trade bonds with countries in the immediate geographical environment' through MERCOSUR. The option was formalised in 2000 under the government of F.H. Cardoso (1994–2002), who organised the first meeting of South American heads of state. But, undoubtedly, the regionalist turn of Brazil's foreign policy became more pronounced under President Luiz Inacio Lula da Silva (2002–2011), who was part of the turn to the left of the regional ideological pendulum.
- 16 The Union of South American Nations (Spanish: *Unión de Naciones Suramericanas*, UNASUR) is an intergovernmental union integrating two existing customs unions: MERCOSUR and the Andean Community of Nations (CAN), as part of a continuing process of South American integration. It is modelled on the European Union. The UNASUR Constitutive Treaty was signed on 23 May 2008, at the Third Summit of Heads of State, held in Brasília, Brazil.

- 17 Raul Bernal-Mesa, 2008; Jaime Baeza, 2010; Spektor, 2011).
- 18 Spektor, *Op Cit*, p.10.
- 19 See Luce Mathias, 2008, 'La expansión del subimperialismo brasileño.' *Patria Grande* N° 9, December. Verdum Ricardo, 2009. 'Finaciamento a megaproyectos: novos desafios.' *Contra Corriente*. Carlos Tautz, 2009, 'A Amazonia como alvo principal.' *Contra Corriente* (January).
- 20 Barros and Pinto, 2012.
- 21 EMBRAPA, the Brazilian Enterprise for Research on Agriculture (Portuguese: Empresa Brasileira de Pesquisa Agropecuária), cooperates on agricultural development. The CEF, one of the most prestigious Brazilian banks, supports the programme 'Mission Villa Grande' which aims to build three million homes by 2019, and has also backed the initiative to install the Bank of Venezuela's terminals in peripheral areas. Furthermore, the Brazilian Agency for Industrial Development (ABDI) supports the construction of factories that manufacture refrigerators and food-processing machines, and IPEA advises the territorial planning and industrial frontier hydrocarbon production in the state of Sucre and the Orinoco Oil Belt, in addition to conducting joint studies on production integration and infrastructure between Northern Brazil and Southern Venezuela.
- 22 Katz, *Op Cit*: p.34.
- 23 Ibid, pp.28–29.
- 24 The potential power of the 'Giant of the South' gave rise to the thesis on the 'manifest destiny of Brazil,' which speaks of its supposed right to exercise political, economic and military leadership in the region which was very popular in that country in the 50s of the last century. Then, the expansion plans of the North Calha Plan in the eighties and, some years later, the geopolitical doctrine of 'concentric circles' conducted by the military governments in the context of US policy during the Cold War security, led to the use of the term 'sub imperialism'. See González Urrutia (*op cit*: 11).
- 25 Mesa, C., 2011, p.72.
- 26 Russell and Tokatlian, July 2011.
- 27 The adjective *Bolivarian* refers to Simón Bolívar, after whom Bolivia is named and who is revered as a hero in Venezuela and to a lesser extent in the entire Spanish-speaking South America for his leadership of independence movements against Spanish colonial power.
- 28 Romero, M.T., 2009.
- 29 The numbering of the Republics responds to schemes formulated by academicians for a better understanding of Venezuelan history. The first three Republics are confined to the vagaries of the independence struggle. The fourth begins with the separation of Venezuela from the Gran Colombia in 1830 and ends in 1999 with the victory of Hugo Chávez and the adoption of a new Constitution. The so-called fifth Republic, at least in theory, refers to the transition from representative democracy to participatory democracy. See Hocevar, M. 2011.
- 30 Alcalay, M., 2003.
- 31 See Gonzalez, U, 2011: 129–130. Among them the South Bank, a monetary fund and lending organisation established on 26 September 2009 by Argentina, Brazil, Paraguay, Uruguay, Ecuador, Bolivia and Venezuela with an initial capital of US\$20 billion, is perhaps one of the most interesting. Nobel Prize winning former World Bank economist Joseph Stiglitz said that 'One of the advantages of having a Bank of the South is that it would reflect the perspectives of those in the south,' and that 'It is a good thing

- to have competition in most markets, including the market for development lending. See Rory Carroll, 2007, 'Nobel economist endorses Chávez regional bank plan.' *The Guardian*, 12 October. <http://www.guardian.co.uk/business/2007/oct/12/venezuela.banking>. Retrieved: 25 February 2011.
- 32 Hugo Chávez, 2003.
  - 33 Hector Constant, 9 May 2012.
  - 34 ALBA, report 2011.
  - 35 Andrés Serbin, 2007: 18.
  - 36 Constant, 2012.
  - 37 The Monroe Doctrine was a policy of the United States introduced on 2 December 1823 which stated that efforts by European nations to colonise land or interfere with states in North or South America would be viewed as acts of aggression requiring US intervention. The motto was America for the Americans. The intent and impact of the Monroe Doctrine persisted with only minor variations for almost two centuries and it was interpreted as the US desire to control Latin America.
  - 38 See González Urrutia, *op cit*: 7. However, we must not forget the precedent set by former Venezuelan president Rafael Caldera (1969–1973 and 1993–1998), who dreamed of the 'Conquest of the South'; he was the pioneer in calling attention to the importance of the Amazon. Chavez and Lula did not start from scratch. There were previous negotiations that undoubtedly opened the road for Caracas to pave with the force of ideology.
  - 39 Meucci, 9 May 2012.
  - 40 The Table for Negotiation and Agreement (8 November 2002 to 29 May 2003) was a hemispheric initiative of crisis management during a Venezuelan internal conflict, product of the coup attempt of April 2002. This enterprise took place through the *facilitation* of a negotiation process (headed by the Secretary-General of the Organization of American States, César Gaviria, and representatives from the Carter Center) between the Venezuelan government and the opposition. The facilitation was also supported by *preventive diplomacy* as exerted by 'Groups of Friends', led by Brazil.
  - 41 Deadly violence over the nationalisation campaign of Evo Morales ended with the intervention led by Chile and Brazil.
  - 42 This incursion led to increased tension between Colombia and Ecuador and the movement of Venezuelan and Ecuadorian troops to their borders with Colombia. The crisis was ended at a Rio Group summit on 7 March 2008 with a public reconciliation between the three countries involved.
  - 43 Urrutia, *Op Cit*, p.10.
  - 44 Ibid, *Op Cit*, p.8.
  - 45 In relation to this last point, Mata Mollejas (2011:152–153) highlights the fact that MERCOSUR and CAN rely on two major watersheds: Rio de la Plata and the Orinoco river, which forces Colombia and Venezuela to find in the medium term 'a modus vivendi that optimises the use of their resources'.

# Brazil, South American Regionalism and Re-defining the 'Atlantic Space'

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## INTRODUCTION

Brazil's economic rise over the past two decades has caused the country's foreign policy-making elite to seek a more prominent role for Brazil in the international community. On a global scale, it has sought to assume more responsibility and engage in international institutions, often criticising established powers for not providing it with the status it deserves. Brazil's newfound status has also caused Brazilian governments to reassess its regional role, although Brazil remains ambivalent about which strategy to adopt in South America. There is clearly a gap between Brazil's global ambitions and its reluctance to adopt a more assertive role in its region. The country's strategy in the region remains indecisive, combining restrained support for Mercosur, the creation of the Union of South American States (UNASUR) and the South American Defense Council (CSD) with a growing notion that a clearer vision is necessary to mitigate neighbour's fears of a rising Brazil. Brazilian policy makers disagree on how they should characterise and understand their region – some see it as a source of problems, some as a shield against globalisation and some as a launching pad for global power.<sup>2</sup> Brazil's self-perception as a 'BRICS country' has fuelled worries that it will pay little attention to regional matters (given that its trade interdependence with the region is far lower, percentage-wise, than that of its neighbours), causing critics of Brazil's global focus to call it a 'leader without followers'.

While Brazil has kept UNASUR relatively toothless, its decision to exclude Central America and Mexico from this institution is a clear sign that policy makers in Brasilia have defined South America as Brazil's immediate sphere of influence. With the majority of the continent's landmass, population and economic output, and Venezuela's faltering attempts to turn into a second pole, it is largely up to Brazil to define and design 'South American

Regionalism'. Brazil thus in theory holds a key coordinating role regarding important regional challenges, ranging from China's growing economic importance, poverty, inequality, integrating the economy and security threats such as drug trafficking and smuggling.

Analogous to Brazil's growing role on the continent, it is bound to play a larger role in the South Atlantic (at times called 'Blue Amazon' in Brazil), and it has resisted attempts made by Europe and the United States (US) to create one single Atlantic Space. Both Brazil's and South Africa's rise and also West Africa's and Angola's increasingly prominent role as energy providers will increase the South Atlantic's strategic significance. Conscious of this shift, Brazil is interested in defining a separate South Atlantic Security Space. It has chosen Africa as a strategic priority, and it is developing a fleet of nuclear-powered submarines. As ever-larger ships can no longer pass through the Suez Canal, one can expect to see a revival of the Cape of Good Hope route, which could be controlled by Brazil and South Africa, but they still lack the capacity to control the area. At the same time, piracy has turned into a global problem that requires a concerted effort. As a consequence, security has emerged as a topic during IBSA summits, largely in the context of large-scale oil findings off the Brazilian coast, thus causing Brazil to increasingly regard control and defence of the South Atlantic Space as its national interest.

This chapter will elaborate on how Brazil thinks about South America and the South Atlantic Space, how it will seek to shape the creation of a South American and a South Atlantic identity and how this may affect the geopolitical dynamics in the region.

## **BRAZIL, REGIONAL HEGEMON?**

Given its dominant role, it is no exaggeration to argue that Brazil seems destined to lead South America. The truth, however, is more complex. Brazil paid little attention to its neighbours during most of the Cold War, and severe domestic problems kept the country from adopting a more assertive international role. In the 1980s, Brazilian foreign policy makers perceived the necessity to engage with its neighbours, principally its rival Argentina, a trend that continued and strengthened throughout the 1990s. At the beginning of Fernando Henrique Cardoso's first term, the president began to articulate a vision that fundamentally diverged from Brazil's traditional perspective – a vision that identified 'South America' as a top priority.<sup>5</sup> This trend has continued ever since, and was intensified under Cardoso's successor, Luiz Inácio Lula da Silva. Over the past years, as Brazil's economic rise caught the world's attention, the region has firmly stood at the centre of



Brazil's foreign policy strategy.<sup>4</sup> This trend continues under Brazil's current administration: President Rousseff's first international trip as president, in 2011, was to Argentina. The last fifteen years thus stand in stark contrast to Brazilian foreign policy tradition. Until 1981, no Brazilian president had ever visited Peru or Colombia. What further facilitated Brazil's growing presence in the region was a power vacuum as the United States largely lost interest in South America as its strategic focus shifted to the Middle East and Central Asia in the so-called 'War on Terror'.

Yet despite a growing capacity to engage in the global discourse, Brazil's regional leadership remains restrained and ambivalent. As a consequence, Brazil lacks 'endorsement from the region', as Vieira and Alden put it.<sup>5</sup> As Spektor points out, Brazil is reluctant to promote regional institutions that profoundly limit national sovereignty, as is the case in the European Union.<sup>6</sup>

In order to better grasp Brazil's regional strategy, it is useful to distinguish three different ways in which Brazil interprets the region: As an opportunity, as a source of problems and as a launch pad for global power.<sup>7</sup>

#### THE REGION AS AN OPPORTUNITY

As political and economic stability has led to unknown levels of prosperity and reduced levels of inequality and poverty, Brazil's economic ties with the region have grown considerably. Brazil's relative economic growth vis-à-vis its neighbours has created significant structural incentives for Brasília to design more assertive strategies to boost regional cooperation. This implies the necessity to offer credit to large Brazilian companies that were in search for opportunities in largely untapped markets, and as a consequence to establish clear rules and guidelines to make these countries more predictable and navigable for Brazilian companies.<sup>8</sup> Brazilian investment in South America has increased significantly over the past years. In a similar vein, Matias Spektor has argued that Brazil may see the region as a shield – for example against potentially dangerous competition through globalisation (e.g., the rise of China). The region can, according to this view, protect Brazil's economy from external shocks.<sup>9</sup>

In order to further integrate the region economically, Brazil has taken the lead in creating regional institutions such as Mercosur and UNASUR, but they remain superficial and do not reduce their members' sovereignty.<sup>10</sup> For example, neither UNASUR nor Mercosur meaningfully intervenes in its members' domestic affairs, such as when elaborating the national budget.

## THE REGION AS A SOURCE OF PROBLEMS AND CONCERNS

As the classic geopolitical discourse about the menace of communist subversion and capitalist imperialism has vanished, other threats such as environmental degradation, drug trafficking and the violence and crime it brings with it have emerged.<sup>11</sup> Rather than merely the strength of other states, the weakness of others is now a threat, as weak nations may not be able to provide basic levels of public order. For example, the violence and chaos that ensues in Bolivia could spill into Brazilian territory, and it may scare away investors who contemplate engaging in Brazil. Brazil is strong and getting stronger – but its neighbours are weak and some appear to be getting weaker. It is within this context that Brazil faces its biggest security challenges.<sup>12</sup> While Brazil has solved all its border disputes, there remains a threat for interstate conflict in South America, as all countries in South America except Brazil have some sort of border dispute with at least one neighbour. While the Southern Cone has resolved most of its security issues, in the northern region of the continent it is still difficult to talk about anything resembling a security community, and old mistrust persists.<sup>13</sup>

As a consequence, South America's largest country has been forced to assume more responsibility and develop a more consistent regional strategy. In 1996 Brazil successfully avoided a military coup in Paraguay, and in 2002 it actively engaged to preserve democracy in Venezuela after a coup d'état against President Hugo Chavez. In addition, Brazil intervened in humanitarian and political crises involving Bolivia, Ecuador, Haiti and Honduras. In 2000 Brazil organised the first regional summit in history. In 2004, Brazil took over from US and French forces the command of the UN Stabilisation Mission in Haiti (MINUSTAH) and it has played a key leadership role in the aftermath of the 2010 earthquake.<sup>14</sup> In the same year, it developed the first doctrinal expression of regional leadership: 'non-indifference', a concept that, in a subtle fashion, indicated that Brazil would take a more flexible approach to respecting sovereignty if regional stability was at stake. In 2012, Brazil strongly objected to the impeachment of Paraguay's President Fernando Lugo and led efforts to suspend Paraguay's UNASUR and Mercosur membership.<sup>15</sup> This increased willingness to intervene in other countries' affairs must also be understood as a means of reducing the probability of US intervention on the continent – thus implying a timid claim towards controlling the region and assuring stability.

An additional step in this direction occurred in 2008 with Brazil's proposal for a South American Defense Council, an agency of UNASUR. While Brazil was traditionally reluctant to assume the role of manager of regional security challenges (a role that the US wanted Brazil to assume decades ago),<sup>16</sup> it slowly seems to become more comfortable with this position. As

Brazil's economy is ever more connected internationally, it can no longer afford instability next door. Contrary to general expectations, the Defense Council has indeed strengthened military-to-military contacts in the region, and helped armies deal with common threats – such as drug trafficking – more effectively.<sup>17</sup> Recently, some member governments took the important step of submitting reports that exposed their defence spending, seeking to reduce mutual suspicion.<sup>18</sup> In addition, one of the council's stated objectives is transparency about each army's military exercises. Such moves, however, are unlikely to have an immediate impact. As Alex Sánchez points out, it would still be difficult 'to conceive that a Chilean colonel could take orders from a Peruvian General within a South American Council of Defense chain of command.'<sup>19</sup> The Santiago de Chile Declaration in 2009 introduced several initiatives, expressing the hope of becoming a dialogue platform for conflicts between its members, to coordinate every nation's external security, to foster cooperation in defence issues and to overcome differences in military expenditure. The Declaration's Action Plan focused on defence policies and military cooperation; humanitarian actions and peace operations; defence industry and technology; and military education and training – several of these ideas are already stated in UNASUR's statutes.<sup>20</sup>

While obvious to Argentines or Uruguayans, the potentially negative effects of Brazil's economic growth on its reputation in the regions are only slowly emerging topics in Brazil's public discussion. Only recently, some of Brazil's leading policy analysts have warned that growing economic asymmetry and fear of economic dependence in neighbouring countries could lead to a backlash that could seriously hurt Brazil. This engagement in the region is thus a direct response to the problems and challenges Brazil faces in South America. Seen from this perspective, the region is largely a source of problems for Brazil that need to be addressed.

#### THE REGION AS A LAUNCH PAD FOR GLOBAL POWER

Due to Brazil's half-hearted regional leadership at times, as well as the emergence of regional challenges, Brazil has rarely used its dominant role in South America as the basis for its claim to global leadership, for example the permanent seat in the UN Security Council.<sup>21</sup> This indicates that Brazil has not identified its regional dominance as an asset in its quest for a more visible global position. This considers the fundamental problem Brasília faces in obtaining its neighbours' support in multi-lateral negotiations.<sup>22</sup> When Brazil sought to become a permanent member of the UN Security Council in 2005 as part of the so-called G4 Colombia and Argentina openly rejected Brazil's claim and formed an opposition group.<sup>23</sup> In the same way, Brazil's arguments for being given a place at the high table on other

occasions – such as the San Francisco Conference or the Bretton Woods conference – were always based on its size, its democracy or its diversity – but almost never on its capacity to represent its region. Even its current participation in forums such as IBSA or BRICS is largely justified by its growing power rather than its regional leadership – although foreign observers continuously attribute this capacity to Brazil.

However, Brazil's decision in the 1990s to define its region as 'South America' rather than 'Latin America' and itself as a 'South American country' does show that its conception of its neighbourhood had changed significantly. Mexico's orientation towards the North (in the context of NAFTA) was seen as proof that 'Latin America' as a concept had lost its meaning. In addition, Argentina's financial crisis seemed to have given the term a negative connotation; whereas South America was more neutral. Focusing on South America also removed the only credible competitor to Brazil in the region, thus strengthening Brazil's position as the dominant actor.

#### THE SOUTH AMERICAN DEFENCE COUNCIL

The South American Defense Council (CSD, in its Spanish and Portuguese acronym), an agency of UNASUR, formally came into being in 2008, but already in 2007 the Brazilian government had begun to articulate the necessity of creating such a regional body that would help it reduce tensions between its neighbours and build confidence through increased and institutionalised interaction.<sup>24</sup> This strategy was underscored by a tour through South America by Brazil's then Minister of Defense, Nelson Jobim.<sup>25</sup> In an extraordinary session on 16 December 2008 the heads of state of the member countries created the Defense Council as a consultative entity designed to facilitate cooperation.<sup>26</sup> After Colombia's initial decision not to join the council due to political tensions between Colombia,<sup>27</sup> Venezuela and Ecuador, it later decided to join.<sup>28</sup> The council is today composed of the region's Ministers of Defence. Its per-tempore presidency is guided by the same rotational principle as UNASUR. The first meeting took place in January 2009 in Santiago de Chile, in which the so-called 'Action Plan' was drawn up.<sup>29</sup> This resolution called for greater cooperation on all levels, ranging from military technology, best practices, transparency on military expenditures, exchange of military students, humanitarian aid and the creation of a single South American defence market.<sup>30</sup>

While tangible results since then have been relatively few, the council did succeed in creating a regular platform for discussion between the defence establishments of all countries, thus achieving Brazil's main goal. For example, these regular meetings have helped each country's ministries of defence coordinate the measured retreat of troops who participated in the

MINUSTAH peacekeeping mission in Haiti.<sup>31</sup> At the same time, several of the propositions in the plan have been followed up upon very slowly. For example, the plan's mention of military cooperation in the field of humanitarian aid did not generate any joint action until 2010, when UNASUR member states did in fact cooperate in the aftermath of the devastating earthquake in Haiti.<sup>32</sup> Regarding defence industry cooperation and military technology transfer, progress has yet to occur.<sup>33</sup> Considering however that it is the first time ministries of defence in the region have been in constant communication, several analysts regard even these initial steps as meaningful progress.<sup>34</sup> Indeed, it is perhaps the symbolism of cooperation that was at the heart of Brazil's strategy, thus seeking to mitigate some neighbours' worries about growing Brazilian regional hegemony.<sup>35</sup>

However, contrary to NATO or any other military alliance, the main purpose of the council is to consolidate internal relations rather than challenge outside powers.<sup>36</sup> Security implications are thus kept to the region itself and do not extend to extra-regional issues.<sup>37</sup> Brazil thus keeps the tradition of creating regional institutions that do not curtail its sovereignty, as would an institution similar to NATO. Contrary to NATO, the council has no operational capacity and no permanent physical headquarters, and its creation is not the result of the common identification of an enemy as was the case with NATO.<sup>38</sup> As Antônio Jorge Ramalho points out, any structure similar to that of NATO, implying collective security principles, would take 'generations to build.'<sup>39</sup> This is not only due to a lack of mutual trust but also due to a lack of military capacity to project power outside of the region. Yet this has not kept the council from developing novel ideas. In 2012, the council's new Action Plan for the first time articulated the idea of the creation of a South American Space Agency, which may jointly finance the development of unmanned aircraft to secure border regions against drugs and arms trafficking.<sup>40</sup> This idea is closely connected to Brazil's growing interest in the regional defence market: Several of its neighbours are likely to soon modernise their armed forces, a demand in which the Brazilian defence industry is interested. At the same time, the council does have the secondary aim of fostering the creation of a South American identity, which does not yet exist given that the usage of the term is relatively recent.<sup>41</sup>

Still, Brazil's initiative to create the South American Council of Defense can be seen as a growing willingness to assume leadership and, at the same time, a step towards reducing US influence in the region.<sup>42</sup> In fact, when the US expressed interest in contributing to the council, Brazil rejected any US participation.<sup>43</sup> In the same way, former Minister of Defense Nelson Jobim has argued against joining the North Atlantic and South Atlantic Security Space, arguing that the particular strategic interests in the South justify the creation of an autonomous security space.<sup>44</sup> However, its stance is far

from anti-American, and stands in contrast to Venezuela's Hugo Chavez, who argued for the creation of 'SATO', NATO's equivalent for the South Atlantic.<sup>45</sup>

## BRAZIL AND THE ATLANTIC SPACE

Brazil's relationship with the Atlantic is intimately tied to its complex relationship to Africa. After Brazil and the African continent were separated from each other millions of years ago, it was the slave trade from the 16<sup>th</sup> century until the late 19<sup>th</sup> century that marked Brazil–Africa relations.<sup>46</sup> More African slaves were brought to Brazil than to other any country in the hemisphere, including the United States, creating irreversible and profound cultural ties between the two. Yet in the first half of the 20<sup>th</sup> century 'silence reigned over the South Atlantic', as José Flávio Saraiva puts it, for both Africa and Brazil looked north towards Europe and the United States respectively.

As the struggle for decolonisation intensified after World War II, Brazil (under President Juscelino Kubitschek) refrained from actively supporting independence movements, principally because Brazil sought the help of industrialised nations to develop economically, and because it was reluctant to offend Portugal, a colonial power in Africa.<sup>47</sup>

Nevertheless, after many African nations gained independence in the late 1950s and early 60s, Brazil's President Jânio Quadros took the first steps towards establishing stronger ties with them – thus implicitly giving more importance to the South Atlantic. In the early 1970s, Brazil–Africa relations again received a boost, Brazilian investments surged in countries such as Angola, and the number of Brazilian embassies across Africa reached sixteen.

Yet the activism proved unsustainable, and Brazil–Africa relations went into hibernation in the 1990s. While trade with Africa had made up 10 per cent in the 1980s, it came down to 2 per cent of Brazil's overall trade in the 1990s. It was President Lula who early on in his first term identified Africa as a priority in Brazil's effort to diversify its partnerships. Notably, his motivations had both idealist and realist elements. Lula pointed to Brazil's 'historic debt' to Africa, saw cultural ties and sought to strengthen South-South relations in general to balance what he saw as overly powerful established powers. At the same time, he recognised that Africa's markets offered great potential for Brazilian companies.

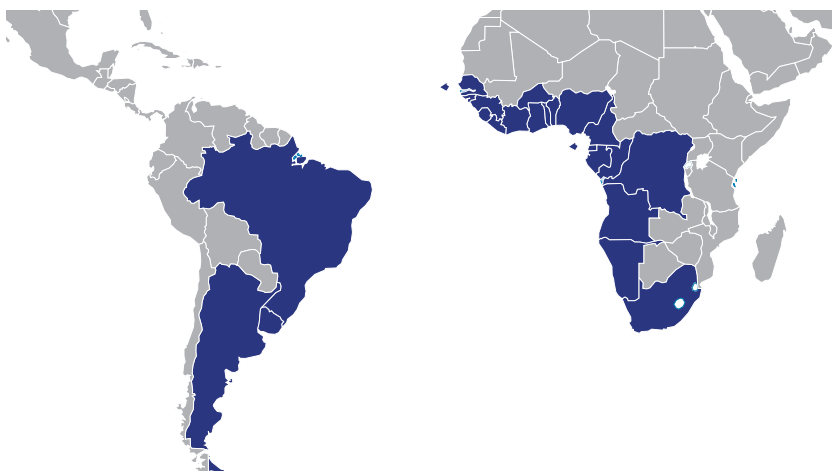
## BRAZIL AND THE SOUTH ATLANTIC

The South Atlantic used to be an important passage from Europe to both the Pacific and the Indian Ocean, yet the completion of the Suez Canal in 1869 and the Panama Canal in 1914 contributed to the significant waning of the South Atlantic's strategic importance. Except for a brief period in the 1970s, when traffic through the Suez Canal was temporarily blocked, and again in the Falkland War between Argentina and Great Britain (1982), the South Atlantic Ocean remained insignificant from a strategic point of view.<sup>48</sup> The consequence is that, as Francis Kornegay puts it, 'far from having the level of multi-lateral cooperation that is emerging in the Indian Ocean, the South Atlantic has no real multi-lateral architecture to speak of.'

Historically, the South Atlantic has not figured as a priority for Brazilian policy makers, even though the Brazilian Navy is responsible for the protection of some 7 400 km of coastline. Most analysts identify drug-trafficking, arms smuggling and guerrilla activity in a lawless frontier region in the Amazon as the most potent security threats Brazil faces from abroad.<sup>49</sup> The ocean that separates Brazil from the African continent was thus neither a source of threats nor of opportunity, but rather seen as a powerful protection against potential threats coming from the East.

At the same time, Brazil had temporarily assumed regional leadership towards the end of the Cold War, when Brazil was in the midst of democratic transition. In 1986, Brazil initiated the creation of the South Atlantic Peace and Cooperation Zone (ZPCAS), which sought to promote economic cooperation in the region and maintain peace and security – with a particular focus on the prevention of nuclear proliferation.

**Map 1:** Member Countries of the South Atlantic Peace and Cooperation Zone (ZPACS)





The Declaration on the Denuclearisation of the South Atlantic was adopted at a summit of member states of the zone held at Brasilia in September 1994, articulating a set of ideas about promoting security in the South Atlantic. The actual strategic significance of the body during the last decades, however, should not be overstated. When ZPCAS' foreign ministers met in 2007 for the summit in Luanda, no meeting had been held since 1999.<sup>50</sup> Still, the Luanda Final Declaration promised to revive the idea.<sup>51</sup> Since it also called on Great Britain to end its 'occupation' of the Falkland Islands, located in the South Atlantic, the British government rejected the declaration.<sup>52</sup> Angola's activism points to its growing economic weight and strategic interests in the region. Angola's oil exports have grown substantially over the past years, and Angola's membership of the Community of Portuguese Language Countries (CPLP) does, in theory, facilitate the establishment of better maritime coordination with Brazil.

Three years after the meeting in Luanda, however, little progress had been made, and the Brazilian government organised a Round Table in Brasília aiming at discussing the revitalisation of ZPCAS in December 2010. Yet at the meeting, a series of potentially interesting areas were identified that would provide a framework for cooperation, including sea bottom mapping and exploration, marine resources protection and preservation, marine and air transportation, port security, defence cooperation, marine security and the fight against trans-national crime.<sup>53</sup>

Is the ZPCAS a basis for a complementary approach to the southern sea lanes as the Indian Ocean Rim Association for Regional Cooperation (IOR-ARC) or the Indian Ocean Naval Symposium?<sup>54</sup> Could Brazil assume the leadership and create a South Atlantic naval symposium? As Brazil's strategic and economic interest in the African continent grows, the government may regard ZPCAS as a useful vehicle that serves to promote regional integration. Better coordination in the South Atlantic would be particularly useful as the African continent lacks a coherent security system of control over its coastal waters. Strengthening the ZPCAS could help improve that situation.

Yet, given severely limited naval capacity on both sides of the South Atlantic, progress over the coming years is most likely to remain limited. As Eduardo Pesce points out, the countries that border the South Atlantic have no knowledge of each other's naval capacity, making serious cooperation difficult. He points out that even the cooperation between Brazil and Uruguay, its direct neighbour, is not ideal due to technical shortcomings.<sup>55</sup>

In this context, one must also keep in consideration the growing strategic importance of the South Atlantic. As ever-larger ships can no longer pass the Suez Canal, Brazil expects to see a revival of the Cape of Good Hope route. At the same time, piracy has turned into a problem, particularly as



drug trafficking along the African coast is set to increase.<sup>56</sup> Guinea Bissau runs the risk of becoming a narco-state, and other failed states similar to Somalia may arise. Security has emerged as a topic during IBSA summits (in the context of large-scale oil findings in the South Atlantic), but given the BRICS' global reach this may be a better forum to develop a viable framework.

In early 2012, Brazil's Minister of Defense travelled to Cape Verde to express Brazil's interest in strengthening military cooperation with the island state, which is located 300 kilometres off the coast of Senegal and Guinea-Bissau, which is increasingly seen as a source of instability and haven for pirates and drug-traffickers. Brazil also indicated it would donate two aircraft to the military of Cape Verde to increase its surveillance capacity.<sup>57</sup>

While Brazil may have the long-term ambition to play a role similar to that of India in the Indian Ocean, one must keep in mind that India's naval capacity is far greater. As Saurav Jha argues:

[T]he Indian Ocean Naval Symposium, which India leads, is facilitating Indian military deployments in the region. India today provides maritime oversight to the Seychelles, the Maldives and Mauritius. It also patrols the Mozambique coast and has listening facilities in Madagascar and berthing rights in Oman, Qatar and Djibouti. The Indian navy is set to emerge as the chief provider of hydrographical data to Kenya, Tanzania and even Saudi Arabia. In the eastern Indian Ocean, India's Andaman and Nicobar Command has the assets to surveillance seed all the key chokepoints in the Indonesian archipelago.<sup>58</sup>

In comparison, Brazil's capacities are far more limited.

In some areas, the Brazilian Navy is undergoing a process of modernisation. Submarines provide an interesting example. The Navy currently operates a flotilla of four Tupi-class (modified German Type 209) submarines, which are based near Rio de Janeiro. In the near future, Brazil plans to begin constructing a new class of five diesel submarines.<sup>59</sup> These submarines are to be a further step in the eventual creation of a fleet of nuclear-powered submarines, which will use the same hull as the new diesel boats.

The Brazilian government has made it clear that, despite being a pacifist country, it is important to have the capacity to 'disincentivise aggressions'. One of the key arguments being made by the government is that Brazil needs to protect its oil located far off shore; yet specialists are unsure how nuclear submarines are useful in this context. Rather, the development of nuclear submarines can be seen as a long-term project to eventually gain the capacity to control the South Atlantic strategically.<sup>60</sup> In addition, the domination of nuclear technology is seen as a national symbol of pride and proof that Brazil is no longer a developing country. Finally, the construction

of these submarines can be seen as an effort to generate jobs (the government recently calculated that 9 000 jobs would be created directly, and 20 000 indirectly.<sup>61</sup> According to the navy, the plant will be inaugurated in November 2012 and will be operational in 2014, ready to begin production in 2015. The first conventional submarines will be produced in 2017 and the nuclear submarines will be operational in 2023.<sup>62</sup> It is particularly in this context that the usefulness of a South American Defense Council is visible. Brazil's military modernisation could, if not communicated clearly and frequently to its neighbours, generate considerable anxiety and anti-Brazilian feelings in the region. In the worst-case scenario, this could lead to an arms race as Argentina may feel pressured to develop similar technologies.

### IBSAMAR

IBSAMAR I took place between 5 and 16 May 2008 off South African waters. An Initial Planning Conference (IPC) for Exercise IBSAMAR II was held in Mumbai, India from 12 to 16 October 2009.<sup>63</sup> IBSAMAR is steered by the Joint Work Group for Defense, which is one of 16 Joint Working Groups of the three nations looking into various cooperation initiatives. The Indian Navy participated in India-Brazil-South Africa Maritime (IBSAMAR 2010) exercises conducted in the Indian Ocean region off Durban. IBSAMAR II had 11 ships taking part from the navies of India, Brazil and South Africa. As the *Times of India* commented then, 'The trilateral naval war games, IBSAMAR, will be part of the strategic initiative launched under the IBSA framework to bring together the maritime forces of three dynamic democracies and economies from three continents under one umbrella.'<sup>64</sup> During the IBSAMAR exercise in 2010, the three navies conducted anti-air and anti-submarine warfare, as well as visit-board-search-seizure operations and anti-piracy drills. India was to be the 'lead planner' for this edition of IBSAMAR, while Brazil is thought to be organising the third edition in 2013.

### CONCLUSION

After decades of hesitation, Brazil is finally beginning to use the potential of its dominant role on the South American continent. While the regional institutions Brazil has created are still relatively superficial, they are still meaningful on a continent with virtually no history of regional cooperation. UNASUR and the South American Defense Council, both designed by Brazil, are clear indicators that Brazil is aware of its capacity to engage with its neighbours and promote regional integration. While tangible progress may be years away, the creation of 'South American Regionalism' and

a 'South American identity' is ever more clearly articulated by Brazilian foreign policy makers. At the same time, Brazil is beginning to regard the South Atlantic as its sphere of influence. As it lacks the naval capacity to control the area on its own, Brazil may resuscitate structures such as the South Atlantic Peace and Cooperation Zone (ZPCAS) and strengthen IBSA to jointly provide security in the area. As the strategic importance of the South Atlantic is bound to increase so will Brazil's willingness to strengthen its presence there, possibly in cooperation with other leading actors of the 'Global South'.

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## Urban Governance, Social Cohesion and Sustainable Development: The Case of Brazil Within BRICS

*Belisa Marochi*

**F**ast economic growth rates in the developing world are much applauded for elevating millions from poverty. This acceleration in growth rates is most likely to coincide with fast urbanisation and increased tension and pressure on societal relations. The socio-political fabric of urban areas is especially important since cities are the home for most of the world's population and are hubs for economic growth. As countries grow, urban governance becomes crucial not only to economic sustainability but also to social cohesion and the future of international relations.

Urban governance is often an overlooked issue in the future of the developing world, and the BRICS countries deserve special attention in this matter. Most discussions of the future of Brazil, Russia, India, China and South Africa concentrate solely on international economic relations and the potential global order shift. Integrating the daily struggles of the domestic, political, economic and social concerns that motivate citizens and leaders to participate in international affairs is crucial, especially since fast urbanisation brings new problems that challenge the potentials for sustainable development.

The BRICS debates often portray Brazil as a democratic nation with few problems of internal social cohesion. Brazil is also praised for implementing inclusive local decision-making processes such as participatory mechanisms. However, this is a simplistic view of the complexity of Brazilian society. These illustrations tend to underplay the importance of those who are at the margin of society due to a harsh urban make-up, along with ethno-racial discriminations that are methodologically hard to identify, let alone investigate.

Despite the alleviation of poverty in Brazil over the past decades, an impoverished urban margin still remains. Colonial legacy entangles race and ethnicity in a complex and often misunderstood manner and penetrates Brazilian society with a complex hierarchical class system that was only

aggravated by a severe authoritarian military dictatorship that ended in the 1980s. This punitive regime spurred fast urbanisation with segregate urban planning practices in a period of fast economic growth. Furthermore, more recent neo-liberal policies have adopted the model of repressive policing, inspired by policies from the United States (US) and exacerbating inequalities in the country. Despite the seemingly invisible problems of social cohesion, Brazilian society faces the reinforcement of historical ethno-racial tensions through the liberalisation paradigm of globalisation.

This chapter argues that complex societal problems manifest in urban contexts and attending to these tensions is necessary since recent liberal policies tend to reinforce historical cleavages rather than promote sustainable social development. The case of Brazil as a BRICS country illustrates the urgency to adopt a more wholesome domestic economic perspective that also focuses on socio-political make-up in order to fully understand the future of the BRICS countries. The first section introduces the analytical framework, highlighting the importance of urban governance since cities are the loci of globalisation and hubs for sustainable social development. Fast urbanisation and the rise of urban poverty bring in new security challenges that receive special attention in this section.

The second section highlights the legacies of colonial times, their trickledown effect into segregate urban planning, and the current repressive policing policy; all factors contributing to the penalisation of poverty in Brazil. The third section analyses the case of Brazil as a BRICS country, showing how social sustainability can affect Brazilian credibility and representational leverage as a regional and Global South power. This chapter concludes by opening doors to investigate the future of urban governance, development and the BRICS.

## URBAN GOVERNANCE IN A GLOBALISING WORLD

The processes of urbanisation and globalisation are interlinked and are probably the main drivers behind the great societal transformation of our time.<sup>1</sup> Globalisation, with its system of production networks, labour markets and new information technology and communication, has a large impact on migration.<sup>2</sup> Migration is also a large driving force in urbanisation that keep the socioeconomic and cultural fabric of cities changing at a fast pace. Many cities fluctuate between becoming a node in a global network contributing to social cohesive development and sinking into social conflict. The protection of social relations is crucial in securing sustainable development.

With a world characterised by international competition, meeting the demands of both economic security and social welfare is ever more difficult to achieve. Restrictive economic policies leave developed and developing nations with a tight capacity to respond and endorse social contracts. The increased influence of international financial markets and demands for macro-economic controls often force the reduction of social spending. This is happening in Europe but is now also in the developing world that is still trying to build social safety, putting extra pressure on development. This movement toward conservative social spending pushes individuals to resort to what Hyden<sup>3</sup> calls an economy of affection, where dependence on social networks becomes the most viable alternative for citizens.

Urban hubs are the visible loci for the manifestation and enactment of globalisation. Any global process requires the local to take action and urban areas are especially important since that is where most of the political and financial mobilisation takes place. Moreover, with the increased involvement of supranational organisations and international alliances, alongside more dispersed power dynamics, governance occurs at various levels. UN operatives through UN Habitat, for example, play an important role as the coordinators for social sustainability in cities. Therefore, in a time of multi-level governance, states are challenged and pressed for political room by new actors.<sup>4</sup> Cities are also the nodes for active citizenship and public involvement.<sup>5</sup> Some scholars go as far as to claim that a new geopolitical map can evolve where the world experiences the revival of the 'city state'.<sup>6</sup>

Cities experience high demands and difficulties as hubs for development. With a huge increase in the demand for highly-skilled labour, cities all over the world find themselves with a shortage of highly skilled workers and a surplus of low-skilled workers who often depend on salaries they can barely live on.<sup>7</sup> The demand for a highly-skilled workforce often causes an inflated housing market, pushing the low-income population to the margins, deepening spatial inequalities. This urban divide risks manifesting into social conflict and thus questioning economic sustainability. These potential conflicts can hurt the credibility and legitimacy of states in the international arena since conflicts keep away investments and present future insecurities.

In the face of globalisation, when the need of attracting foreign investments is crucial to establish competitiveness, the consolidation of the social contract is paramount. Despite the apparent consolidated democracies in the world, elected politicians have little say when financial markets and businesses are constantly dictating what is financially secure or risky. Moreover, with the principles of justice at the spotlight of the human rights debates, backed up by the United Nations and other supranational

organisations, social protection and cohesion is an important pillar for sustainable development.

## **BRAZIL: NEO-LIBERAL REFORMS AND REINFORCED HISTORICAL CLEAVAGES**

The case of Brazil shows the complexity of modern urban hubs since recent liberal policies along with historical legacies are challenging social sustainable development. Traditional post-colonial cleavages within Brazilian society are being reinforced rather than ameliorated by such liberal policies. Brazilian urban marginality is a symptom of what French sociologist Loic Wacquant calls 'punitive containment as a state strategy to manage poverty in an age of glorious neo-liberalism'.<sup>8</sup> A mix of colonial legacies, combined with recent liberal initiatives of urban planning and repressive policing contribute to the harsh reality of the Brazilian urban regions.

High rates of urbanisation in Brazil, as in most countries in the world, have been accompanied by high levels of inequality creating serious challenges for effective governance and sustainable development. Brazil as the fifth most populous country in the world, hosts 194 million inhabitants and widely known to have one of the highest (most unequal) Gini coefficient ratings in the world.<sup>9</sup> Despite that, Brazil experiences the lowest poverty rate in 25 years.<sup>10</sup> This major economic shift, however, affects social stability especially in the urban areas that attract a large number of new migrants in search of a bright future.

Despite a recent decline of inequalities in the Brazilian cities, fast urbanisation along with a weak social security system brought an unsurprisingly high level of poverty in the past decades. In 2005, 84 per cent of Brazil's population was urban and this number is expected to reach 88 per cent by 2015.<sup>11</sup> According to the Federal Government Statistics Bureau, the number of Brazilians below the poverty line drastically decreased from 52 per cent in 1990 to 33.8 per cent by 2007. Under the terms of President Luiz Inacio da Silva, the number of poor Brazilians dropped to 42 million, making up 21.6 per cent of the country's 194 million people.<sup>12</sup> Since Lula's administration in 2003, government programs have raised the quality of life for low-income groups and brought development to areas in need, such as the Northeast of Brazil. However, fast urbanisation in the modern age causes societal cleavages that these promising numbers of development have not yet managed to filter.

While the Brazilian Institute for Economic Applied Research (IPEA) shows that a general redistribution of wealth is underway with the top 20 per cent of population growing at a much lower rate than the national

average, this redistribution has not affected the lower income groups equally.<sup>13</sup> The level of poverty amongst children is 10 times higher than that of the elderly. In 2006, numbers showed that up to 56 per cent of children between birth and age six lived under the poverty line. In the rural north-east, Afro-Brazilian children with illiterate parents suffer alarming poverty rates: 80 per cent are poor and 50 per cent are extremely poor.<sup>14</sup> The disparities between the regions are as shocking as the disparities between income amongst different groups in terms of age and ethno-racial differences.

The big cities have experienced a sharp poverty increase due to economic changes in production systems that force low skill workers out of the job market. Up to 32 per cent of the population live in Sao Paulo, Rio de Janeiro, Salvador, Recife, Belo Horizonte and Porto Alegre, the six largest metropolitan regions; these regions contain 80 per cent of the country's poor.<sup>15</sup> The percentage of poor people has declined at a rapid pace in all metropolitan regions, with Sao Paulo experiencing the largest drop of 20 per cent. The numbers suggest that the number of poor and extremely poor will continue to decline.<sup>16</sup> Despite this good news, paying attention to the margins of urban life is essential as tensions are not declining at the same rate as poverty.

## BRAZILIAN COMPLEX SOCIAL FABRIC

'We, Brazilians, are a people... a *mestiço* in the flesh and in the spirit, since here *mestiçagem* was never a crime nor a sin. In it (*mestiçagem*), we were made and are still being made. The large number of natives lived for centuries without conscience of who they were until a new identity which was ethno-national identity was defined: the Brazilian' (Darcy Ribeiro, anthropologist, author and politician, 1995).

The complex make-up of race and ethnicity is foremost what distinguishes Brazilian social fabric. Unlike other post-colonial experiences outside Latin America, Brazilian ethnicity is a blend of national identity and class; ethnic identity by itself is reserved for indigenous groups, as an addition to their national identity. This special make-up is what inspires Brazilian artists inside the country and all over the world to turn to Brazil as the land of *mulattos* and *mestiços*, and often describe the country as a true melting pot where people are proud to be Brazilians despite their indigenous African, Arab, Polish, German or Japanese roots. However, the liberalisation paradigm of globalisation of the past decades has reinforced historical cleavages of inequality making urban cohesion fragile.

Colonial policies of *mestiçagem* are largely responsible for the development of the Brazilian concept of race and ethnicity. Planned racial mixing

with the purpose of minimising the non-white part of the population was an active policy during the 1800s.<sup>17</sup> By presenting a myth of racial democracy with the purpose of minimising the African and indigenous presence in the country, this policy promoted European identity by encouraging African immigrants to seek social validation exclusively outside of their own racial group. Although the purpose was to minimise the African and indigenous populations, the result was a mixed society with a distinct 'Brazilian' identity.

In Brazil, individuals can be identified or self-identified as white or black, independent from their physical traits.<sup>18</sup> The racial categories have been fluid unlike in the US (and other colonial legacies) where ancestry is used to define race. Latin American scholars came to agree by the 1970s that race in Latin America could not be understood as the 'genetic composition of individuals,' but instead 'based upon a combination of cultural, social, and somatic considerations'.<sup>19</sup> For example, full-blooded siblings can often be classified within different races. In Brazil, a person's ancestry can be irrelevant to racial classification.

This special fabric of Brazil has been an inspiration for artists, poets, musicians and tourists from all over the world; however, ethno-racial discrimination is common in Latin America even though it is often masked as class discrimination. It is exactly this romanticising of ethno-racial make-up that hardens to identify the problem of ethno-racial discrimination. Darcy Ribeiro, in his widely known book *The Brazilian People*, argues that colonial tradition instilled hierarchical forms of citizenship. However, this legacy is not only from the Portuguese colonial times but is also mixed with native indigenous cultures that, per se, were often characterised by high respect for the *curumim*, the children. According to Da Matta, there is an opposition between 'feras e doutores', or 'savages and doctors,' that merges the enforcement of the class order and public order.<sup>20</sup> Traditionally, the paternalistic and hierarchical concept of citizenship is binary. Therefore, the class order emphasised in this category easily group's workers and criminals into one category. This tradition of hierarchical citizenship can clash with modern values of equality in citizenship in the modern Brazilian democracy.

Turning a blind eye to the problem of race and colour discrimination has been the pillar of Brazilian social cohesion. With a concept of citizenship that does not categorise the population through colour nor through race, Brazilian society tends to proudly reinforce discourse that racial discrimination is nonexistent. However, the lack of categorisation of race and colour makes pinpointing and monitoring discrimination a tough task.

Large numbers of Afro-Brazilians and indigenous people lack economic power, political influence and representation, and now question whether the

doctrine of whitening has given them any access to socioeconomic improvement. When polls show that 81 per cent of the population of Salvador, the third largest city in Brazil, is Afro-Brazilian, but that the same group makes up only three per cent of university students, race becomes an unavoidable issue.<sup>21</sup> Looking at the prison system, the number of Afro-Brazilians imprisoned in the carceral system is appalling and more like what Wacquant calls a 'concentration camp for the dispossessed'.<sup>22</sup>

Colour discrimination by the Brazilian police and judicial bureaucracies is endemic. It was not until 2012 that Lula's administration passed legislation requiring quotas for government hiring and *university* admissions, a global trend initiative of remedying previously disadvantaged groups. These measures created discussions, often motivated by expected complaints from the middle class which felt that quotas were unfair. This policy has been difficult to implement as illustrated by the case of identical twins, both of whom applied to a university under the quota policy, yet only one was accepted, since only one was classified as Afro-Brazilian. Despite these initiatives, blaming the problem on class and refusing to notice the problem of colour discrimination is still the hegemonic discourse. According to scholars, this is how poverty is penalised: through 'invisibilising' the colour problem.<sup>23</sup>

Despite a difficult-to-grasp ethno-racial inequality, the legacies of colonial times are ingrained in Brazilian society and social cleavages are only being reinforced by recent liberal policies. In the 20<sup>th</sup> century, the Brazilian economy plunged in the wake of the end of the 20-year harsh military dictatorship. Economic growth was one of the achievements of the dictatorship with policies for economic development as a regime guideline;<sup>24</sup> however, the hierarchical punitive characteristic of society was only enhanced through the adoption of restrictive political freedoms that came to an end in the early 1980s. Post-dictatorship democracy swamped the country with new perspectives and new hopes; however, neo-liberal policies of segregate urban planning along with a harsh penal system came to aggravate historical cleavages and inflame a growing urban marginality.

## URBAN PLANNING

With rapid globalisation, the model of the capitalist city stretched across cities all over the world in the 1970s and early 1980s.<sup>25</sup> There is no lack of criticism for such a model, yet it prevailed, encouraging the wealthy to benefit using the creation of residential segregation. This tradition of urban planning has been criticised for non-participatory mechanisms but the case of Brazil is especially different since the capitalist model has often been



combined with participatory mechanisms. Despite such initiatives, the city-making model from a capitalist paradigm came to reinforce historical cleavages.

At the same time, as Brazil grew, migration from the city peripheries to the urban hubs was gaining momentum. Cities like Sao Paulo and Rio de Janeiro swarmed with hundreds of thousands of impoverished migrants in search of a future. Urban segregation was becoming engrained as part of the socioeconomic fabric of the Brazilian cities. Colourful slums on the hills of Rio de Janeiro and over-populated shantytowns under the bridges in Sao Paulo became popular postcards of Brazil.

In the mid 1980s, after the fall of over 20 years of military regime, urban planning quickly changed, and 'urban reform' became the new way to approach the city, envisaging social justice and equity. Various amendments to the constitution attempted to allow civil society to take part in the decisions of urban planning. The traditional blueprint planning was changing to sustainable urban development, communicative planning and other types of participative urban planning.<sup>26</sup>

For those decades, Brazilian cities became a common example of pioneers in local citizen involvement projects, at least in the eyes of practitioners and scholars. The case of Porto Alegre in Brazil has been used as an illustration of alternative, more inclusive urban planning that promotes social justice across various disciplines. Not only planners but geographers, sociologists and political scientists have observed the participatory budget as an alternative social-spatial experience with an inclusive decision-making mechanism and social inclusion.<sup>27</sup>

While these participatory planning practices were gaining popularity in Brazil and were well-praised throughout the world, neo-liberal reforms, coming directly from the US, were creeping through the newly consolidating Brazilian democracy, introducing policies that would deepen inequalities. These policies, despite the praise for their developmental prospective, would come to increase urban marginality. Moreover, a new penal rhetoric alongside rigorous policing inspired by former New York Mayor Rudolph Giuliani's model had a strong impact on the Brazilian poor.

## REPRESSIVE POLICING

International economic relations have brought in neo-liberal reforms under the *façade* of globalisation, and despite the economic growth and clear progress of industrialisation, Brazil faces huge inequalities that fuel the growth of violent crime widely affecting cities. Despite up to a 50 per cent decrease in homicides in the state of Sao Paulo,<sup>28</sup> cities like Recife and

Rio de Janeiro still face criminal violence, as much as 20 times more than Western Europe.<sup>29</sup> The role of the police in urban governance is crucial to understand the social fabric of Brazil.

The Brazilian police follow centuries-old traditions of lower class control, learnt from the colonial times of slavery and reinforced by two decades of military dictatorship. As well as profound urban marginality, violence in Brazil is the legacy of a political culture intensely marked by authoritarianism.<sup>30</sup> The youth, suffering under the weight of severe unemployment, repair their broken masculinity through booty capitalism where the vested interests of a few capture the state apparatus.<sup>31</sup>

Measurements of new public management as neo-liberal reforms of the past decades brought focus to the value of efficiency; however, these evidence-based measurements focus on the quantification of problems failing to address the quality of solutions. The number of arrests, rather than the rehabilitative capacity of prisons, is used as a measurement of police effectiveness.

The US-inspired zero tolerance policing along with the legacy of colonisation and decades of dictatorship made Brazil the living example of a society with a dreadful carceral system. With as many as eight prisoners in a cell made for one, prisons are overcrowded with dreadful hygienic conditions, diseases and illegality. With severe violence, precarious living conditions and a pandemic of HIV and tuberculosis, Brazilian prisons are ideal candidates to be demolished and started again from scratch. Such a dramatic reform has been done in the Sao Paulo prison of Carandiru after the military police massacred 112 inmates during a rebellion. As Michel Foucault envisaged in 1975, prisons propagate discipline and punishment, but in these critically precarious conditions it becomes very difficult to achieve the objective of rehabilitation of inmates.<sup>32</sup>

Crime, often described as a wicked problem all over the globe, is indeed a highly complex problem in Brazil. A problem is wicked when the solution requires not only institutional capacity but also coordination between sectors to tackle complex problems.<sup>33</sup> In the Brazilian case, sector coordination does not suffice to tackle such problem. Ranking low in the transparency index, corruption within the Brazilian police is widespread and detrimental to attempts of coordination. Moreover, the Brazilian police have been accused of involvement in an organised international drug economy, making the problem worthy of cross-border solution and coordination. It is not uncommon that officers are accused of working for drug traffickers, and others of helping illegal paramilitary groups that fight the security forces as was the case in Rio de Janeiro in 2011 where 20 officers were arrested on these allegations.<sup>34</sup> In a land of corruption and paternalism with porous law-enforcement agencies, criminality and police are deeply connected.

This complex of law enforcement in Brazil is a reflection of the formation of the modern society that uses punishment, rather than rehabilitation, as a central technique. Along with the spread of performance measurement, the dismantling of the penal system as a correctional system of rehabilitation through work, culture and education is what brings sociologists to ask questions about the future of society. The effects of this new system in the social fabric of cities deserve attention, not only in newly consolidated democracies but in any society.

## BRAZIL AS A CREDIBLE AND LEGITIMATE BRICS COUNTRY

As a new global political economy emerges, the Brazilian position in the global order has changed, and it now has a potentially stronger role as a global actor. With a strong focus on South-South diplomacy since President Lula's first term in 2003, Brazilian foreign policy favours alliances with other developing countries that face similar opportunities and challenges. As a regional power, Brazil participates in the common market of Mercosur along with five other South American countries and five associate members. At a global level, its role within the BRICS countries deserves special attention. The Goldman Sachs' BRICS acronym referring to the new potential powers of Brazil, Russia, India, China, later joined by South Africa, has blinded economists with talks of change in the global political economy. However, the metaphor has inspired too few on the political and social questions of democracy within the countries.

During the last decades, the global order has slightly shifted, moving South and East, creating the possibility of a multi-polar globe. Currently, with the rise of the BRICS, this multi-polarity becomes even clearer and as these countries develop large urbanisation occurs, making cities more opportunistically attractive. Today, more than 50 per cent of the world's population lives in cities and the United Nations expects that urban areas will hold up to 80 per cent of the world's population by 2040. These figures put pressure on employment, infrastructure and quality of life. Concurrently, urban inequality is a growing phenomenon. Poverty increases as wealth increases in cities.<sup>35</sup>

The recognition and legitimacy of emerging power status functions with diplomacy that requires international cooperation. Brazil, like India and South Africa, is a formal democracy, and as such can take advantage of 'network diplomacy' rather than depend on 'club diplomacy'.<sup>36</sup> It is undeniable that democratic leaders have more legitimacy in political games; however, Brazil suffers from significant inequalities that alienate large portions of society and expose them to social violence and potential conflicts. These

conflicts could jeopardise its credibility as a legitimate BRICS actor. The less democratic BRICS members, China and Russia, still struggle to contain their vibrant civil societies, due to their difficult transitions from authoritarianism and statism. On the other hand, similar to the other democratic members India and South Africa, Brazil supports the democratic pillars on its agenda and legislates against inequality and poverty, and for environmental sustainability and corporate social responsibility.<sup>37</sup>

Though the BRICS use both hard and soft power, some are harder than others. China uses 'hard power' through its military, and it has received wide criticism for creating a new version of domination of Africa. And while Russia has resumed its relations with Africa since the end of the Cold War and India has invested in Africa, Brazil is seen as the 'good guy', strengthening diplomatic relations with the MENA (Middle East and North Africa) region and creating the Commonwealth of Portuguese Speaking Countries to deepen socioeconomic relations between the two sides of the Atlantic.<sup>38</sup> This somewhat positive image was reinforced by Lula who visited various African countries and confirmed that 'ties with the Southern world' are a priority, especially with Africa, which was described as 'one of the cradles of Brazilian civilisation'.<sup>39</sup> Most BRICS also benefit from the exercise of 'soft power' by attracting tourism, creating global brands, hosting world sports events and spreading culture.<sup>40</sup> This 'soft power' can be seen in Carnival in Brazil, the spread of Bollywood, Olympics in Beijing and Rio and the World Cup in South Africa and Brazil consecutively.

This soft power that Brazil enjoys, however, comes with a certain responsibility to fight 'the geography of misery', as social scientists and geographers call it. Ignoring the failure of attempts to make Johannesburg a world-class city for the 2010 World Cup, Rio de Janeiro embarked on the same boat, trying to rejuvenate Rio de Janeiro. If *carioca* policy makers watched *The Battle for Johannesburg* documentary, they would have learned from the mistakes of gentrification, leaving poor urban dwellers to carry the weight of renewing the inner city to receive football lovers from all over the globe. Moreover, in preparation for the 2014 Rio Olympics and 2014 World Cup, Giuliani has signed a contract with the city of Rio to crack down on crime. This is part of Rio's 'Shock of Order' campaign, modelled after a 'cleanup' of New York City street vendors in the 1990s. With huge spending on security and infrastructure boosts, the cleanup campaign also has pacifying units to crack down on crime in the favelas. However, the impoverished residents of Rio end up facing very little order in the 'Shock of Order' campaign. Such a programme criminalises street vendors and petty crime and places even more pressure on a penal system that is already overflowing.

Besides the advantages that Brazil enjoys by hosting major sports games, the country's cities, the hubs for economic growth in Latin America, face a

tension in domestic security and social cohesion. While Sao Paulo has the highest recorded helicopter ownership per capita in the world with 50 per cent more helipads than the whole UK, the city hosts two radical realities where these helicopters fly over hundreds of luxury condominiums side by side with shantytowns.<sup>41</sup> These huge inequalities are shocking to the eye, with famous photos of shantytowns that border million-dollar apartments, showing a contrast between rich and poor that resembles a collage rather than a real city. The residents of gated communities are so accustomed to their electric fences and surveillance systems that living in a different reality is far-fetched and very rarely suggested by alternative discourses that tend to reinforce the mistrust through the creation of narratives of fear and of the 'other'. South Africa, the latest addition to the BRICS countries, faces similar city dynamics. The city residents of the rainbow nation living in gated communities contribute to the high demand of security guards and electric fences making private security the largest growing industry in the country and one of the largest in the world.<sup>42</sup>

The future of Brazilian social sustainability requires a distribution of resources and a stronger push for equity, recognition and opportunities for political inclusion. With such high economic growth, fighting for justice and amending exclusion is a necessity. It is time for the recognition of the ethno-racial problem which, although slightly offset by inter-sectionality mixing with class and gender, is still a Brazilian problem. While some see racism as a cultural problem to be solved with the development of new identities, others believe the struggle against racism must seek to change economic, social and political structures. Brazilian scholars themselves have been slow at recognising this problem, leaving its discovery to American and European scholars. In the meantime, mulattoes will prefer to associate themselves with whites, in the hope of denying any trace of Blackness. This complicated picture shows the difficulty of putting this issue on the political agenda. Despite the hundreds of black and indigenous consciousness and civil rights organisations that are actively at work today, this complex group dynamic makes it difficult to create a voice of resistance from within. It is at these times, in the absence of a strong bottom-up pressure, that top-down measures such as quotas seem to be the only way out, or rather, the only way in.

Brazil also suffers in the psychological dimension within the BRICS. Often the East is the imagined place of growth. Brazil needs to keep both feet down to hold these imaginary truths since it already does not feature in the China-India-Middle East region that strengthens itself quickly. This 'CHIME' East relationship is also supported by a large influx of migrant workers and international students, an advantage that Brazil is not even close to partaking in. Investing in competitive education should be a priority

for Brazilian leaders. Waking up to the new realities of a more globalised world is the key to the future of Brazil within the BRICS. While the Chinese and Indians have sent their highly skilled work force abroad and received highly skilled forces at home, Brazil is still trying to catch up in its presence all over the world. Again, cities are particularly important since they not only educate but also receive the educated, such as expatriates and international exchange students.

## CONCLUSION

Cities are the hubs for social sustainability, an important value for the future of globalisation. The impact of urban areas around the globe is a much ignored research terrain. The future of globalisation that focuses on a global political economy tends to bypass important local contexts that can affect international relations.

In this chapter we have discussed Brazilian social cohesion as a BRICS country as it has evolved with different patterns of urban-industrial development and how this relates to the challenges of its multiracial-multicultural make-up, with the marginalisation of peoples of African and Amerindian descent from the Brazilian power structures. Through an exploration of its colonial legacies in combination with neo-liberal policies, the Brazilian urban landscape is filled with urban marginality where poverty is penalised through spatial segregation and ethno-racial discrimination. This has serious implications for the credibility of the role of Brazil within the BRICS and other alliances.

New methodologies are necessary to go beyond macro-economic data in the debates and projections of the BRICS. Since problems are not always measurable in quantifiable terms as is the case of ethno-racial tensions in Brazil, paying attention to the micro level can bring in a new perspective of the enactment of development and sustainability. The manifestations of democratic processes take place at the micro level and an observation of procedural negotiations is crucial to understand how recognition and legitimacy play a role in the creation of the Brazilian social fabric. These new methodologies are especially necessary since, as a formal democracy, Brazil allows for civil society to engage with public authorities and the third sector; assessing the quality of these collaborations can reveal power structures in action.

A wholesome interdisciplinary take on the future of the BRICS countries bridges the gap between local processes and interdisciplinary studies of globalisation. For the development enthusiasts, it is important to notice the sustainability of the development that the BRICS export as countries

form new ties in Africa and other regions of the world. Since the Brazilian experience with fast economic growth did not alleviate societal tensions to its full potential, it is important to follow the baby steps Brazil takes as an investor and as a regional power. Moreover, watching the distribution of resources and the role of group claims in these processes is also a key to the future of social sustainability. The role of cities is a very important research field that calls for extensive exploration, especially in countries with global actor potential. With fierce international competition, maintaining social cohesion is crucial to allow for urban regions to become the hubs for economic growth and sustainable development.

## ENDNOTES

- 1 Abrahamsson, 2011.
- 2 Borja & Castells, 1996.
- 3 Hyden, 1983.
- 4 Hettne, 2009.
- 5 Harvey, 2009.
- 6 Rosenau, 2009.
- 7 Abrahamson, 2011.
- 8 Wacquant, 2008.
- 9 World Bank, 2012.
- 10 UN Habitat, 2010.
- 11 Ibid.
- 12 World Bank, 2012.
- 13 IPEA, 2012.
- 14 UN Habitat, 2010.
- 15 Ibid.
- 16 Ibid.
- 17 Skidmore, 1992.
- 18 Ibid.
- 19 Harris, 1964.
- 20 Da Matta, 1978; see also Pinheiro, 1983 and Huggins, 1985.
- 21 World Bank, 2012.
- 22 Wacquant, 2000.
- 23 See Bodé de Moraes and de Souza, 1999; da Silva, 2000, Wacquant 2008.
- 24 Luna et al., 2006.
- 25 Harvey, 2009.
- 26 Souza, 1998; 2000a; 2000b; 2002.
- 27 Healey 1996; Souza 2002; Heller 2006; Wampler 2007.



- 28 *The Economist*, 2008.
- 29 Wacquant, 2008.
- 30 Peralva, 1992; Méndez et al., 1999.
- 31 Wacquant, 2008.
- 32 Foucault, 1975.
- 33 Munck, 2007.
- 34 BBC, 2011.
- 35 Sassen, 2006.
- 36 Heine, 2006.
- 37 Shaw et al., 2009.
- 38 Ibid, 2007.
- 39 *The Guardian*, 2009.
- 40 Cornalissen, 2007.
- 41 *The Guardian*, 2008.
- 42 Irish, 2011.

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# South Africa's Pretoria Agenda: The Role of State Sovereignty, Non-Intervention and Human Rights within the Context of Emerging Power Multi-lateralism

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Because they claim to be concerned with the welfare of whole societies, governments arrogate to themselves the right to pass off as mere abstract profit or loss the human unhappiness that their decisions provoke or their negligence permits. It is a duty of an international citizenship to always bring the testimony of people's suffering to the eyes and ears of governments, *sufferings for which it's untrue that they are not responsible*. The suffering of men must never be a mere silent residue of policy. It grounds an absolute right to stand up and speak to those who hold power.<sup>1</sup>

## INTRODUCTION

Since 1994, South Africa's international relations have been shaped by a post-apartheid, post-liberal ideology that is African centred and regionally focused. In addition to this expressly 'African Agenda', South Africa has shown an increasing commitment to multi-lateralism and the Global South agenda, reflecting a general shift in power from West to East and North to South. Thus far it appears that South Africa's membership of both IBSA and BRICS aims to accomplish two objectives: to give Africa a voice in international affairs, and to be a trade 'gateway' to Africa. Neither of these aims is unproblematic. To this end, critical questions have been posed as to whether South Africa is adopting a neo-imperialist stance in the continent by assuming a leadership role that lacks a regional mandate or consensus, and whether South Africa's foreign affairs priorities are too ambitious, ambiguous and complex, with its multiple allegiances to *inter alia* the AU, UN and BRICS. Although it is true that notice should be taken of the irreducible complexities of foreign relations, it is also necessary to set priorities and articulate principles that are relatively consistent and clear,

and which take into account national interests, especially the interests of the South African people.

In analysing South Africa's geo-political repositioning on the global stage, particularly within the context of its second period as a non-permanent member on the UNSC (2011–2012), it is clear that there needs to be a more careful balancing of international and national interests. Ideally, international relations must reflect national interests, and too much compromise may lead to an unhealthy disconnect between local and global interests. This fact is emphasised clearly in the National Development Plan 2030 where it states (in chapter 7) that any kind of 'agenda' with regard to South Africa's position in the world must prioritise national interests.<sup>2</sup> As such, the actions of the Department of International Relations and Cooperation (DIRCO) should ensure compliance with national constitutional and socioeconomic imperatives, and should enable public participation that would shape global strategies. Although there is no doubt that sacrifices are required to achieve certain geo-political and socioeconomic objectives, one would assume that there are some principles – democracy, human rights and the rule of law – that would remain non-negotiable as South Africa navigates the stormy waters of international diplomacy.

Over the past decade, South Africa, Brazil, India, China and Russia have increased their joint political and economic activism in forums such as IBSA, BASIC and BRICS. However, this kind of power consolidation and multi-lateral cooperation is not new, as these dialogues and partnerships are mostly a continuation of South-South engagement stemming from the 1955 Bandung Conference and the Non-Aligned Movement (NAM) during the struggle for liberation from colonialism in the 1950s. What is perhaps novel is the growing influence and impact of these emerging economies in the international arena. Currently, all of the BRICS countries are members of the United Nations Security Council (UNSC). China and Russia are two of the 'Big Five' permanent members with veto-carrying powers. India, Brazil and South Africa – the three main developing democracies of the South – are currently all non-permanent members of the UNSC. As members of IBSA, the latter three countries have publicly called for reforming the UN and are individually positioning themselves for permanent membership in a reformed, more representative and egalitarian UNSC.

In the context of international relations, Brazilian and South African foreign policy in particular has emphasised the centrality of human rights, as well as the need to uphold principles of sovereignty and non-intervention in the domestic affairs of independent states. The tensions between the seemingly incompatible doctrines of *protection of human rights* versus *non-intervention in domestic affairs* have been engaged by the two governments since their liberation in 1988 and 1994 respectively. On the other hand, it

is well known that China and Russia, the more authoritarian members of BRICS, hold the view that principles of non-intervention must hold absolute sway over the international protection of human rights by means of humanitarian intervention and the responsibility to protect (R2P). It is this particular unresolved area of tension that is explored in this chapter.

## **SOUTH AFRICA AND EMERGING POWER MULTI-LATERALISM**

IBSA, BRICS and BASIC are the three main platforms for political interaction, trade relations and environmental cooperation in the South. Established in June of 2003 in Brasilia, the IBSA Dialogue Forum is a coordinating mechanism amongst the three emerging multi-ethnic and multicultural democracies of the South – India, Brazil and South Africa – that are determined to contribute to the construction of a new global architecture, to bring their voices together on issues of international concern and to deepen their ties in other various areas such as technology transfer and agriculture. The IBSA forum is also committed to cooperating and partnering with less-developed countries. India, Brazil and South Africa are multicultural democracies and share commonalities as developing nations. They have the capacity to act jointly and independently on a global scale, have status as ‘middle’ powers and a common need to address social inequalities within their borders. Since 2003, IBSA has strengthened sectoral coordination with sixteen working groups, including agriculture, human settlements, culture, climate change, energy, health and transport. All three countries also contribute to the IBSA Fund for the Alleviation of Poverty and Hunger.<sup>5</sup>

On the other hand, the ‘big brother’ BRIC that became BRICS in December 2010 is less clearly defined in terms of its multi-lateral and global agenda. It has been argued that this more recently established body of emerging powers is mainly focused on issues of economic cooperation, trade and investment. Nevertheless, it has also been stated that BRICS will work as a ‘bloc’ in creating a new, more equitable global order in general, beginning with the reform of the UNSC, IMF and WTO. The leaders of BRICS met most recently in Durban, South Africa in March 2013 at the fifth BRICS summit entitled: BRICS and Africa, partnership for development, integration and industrialisation. Although it has been emphasised that BRICS is not a political power bloc, members have joined politically as well, for instance, all committing to a common approach on the internal conflict in Syria that resists intervention by the UNSC in Syria’s sovereign domestic affairs. However, some cracks are showing as China and Russia are more outspoken than their other BRICS partners when it comes to issues of non-intervention.

Critics have pointed out inconsistencies in South Africa's foreign policy engagement and have raised questions about its membership with BRICS that is seen to be compromising South Africa's commitment to international human rights laws, as trade-offs are made for the sake of economic growth and development. The rhetoric in some quarters is that democracy is inimical to sustainable economic development and that growth can only be achieved by embracing a more authoritarian political regime. Most recently, the diplomatic crisis in the UNSC around Syria has led to a polarisation of the Cold War adversaries: the United States (US) and Russia. While the US has argued for stronger action in the form of sanctions to be taken against the government of Bashir al Assad, Russia and China have blocked two resolutions against Syria based on the principle of non-intervention in sovereign state affairs. Initially South Africa supported the position of Russia and China, but eventually voted in favour of a resolution calling for Assad's government to allow UN monitors into Syria and to withdraw troops from populated civilian areas. The latter resolution was also vetoed by Russia and China, but they agreed to support Kofi Annan's peace plan,<sup>5</sup> which to date has not resolved the internal conflict that has been waging for more than a year and a half.

Concerns have been expressed that continued commitments to traditional notions of 'state sovereignty', such as endorsed by China and Russia in the case of Syria, could stand in the way of a full commitment to international human rights laws, as envisaged when the United Nations was first created in 1948. It is, however, also clear that there is an attempt being made at adopting a more restrained method of conflict resolution that may be a sign of attempts to 'humanise' international relations, a development discussed in more detail below. At the time of writing, Kofi Annan has resigned as Joint Special Representative of the United Nations and League of Arab States to Syria as the conflict develops into a full-blown civil war and there is no sign of the Syrian state complying with the conditions of his peace plan.<sup>6</sup> It is clear from his statement to the press that Annan did not see the plan working as a result of lack of cooperation from Assad's government and lack of consensus within the UNSC:

Yet the bloodshed continues, most of all because of the Syrian government's intransigence, and continuing refusal to implement the six-point plan, and also because of the escalating military campaign of the opposition - all of which is compounded by the disunity of the international community. At a time when we need - when the Syrian people desperately need action - there continues to be finger-pointing and name-calling in the Security Council.<sup>7</sup>



In a subsequent development the Algerian diplomat Lakhdar Brahimi accepted the position replacing former UN Secretary General Kofi Annan.

South Africa's membership of multi-lateral forums such as IBSA and BRICS needs to be seen in the context of how it seeks to position itself in the world. Current foreign policy priorities are reflected in South Africa's 2011 White Paper on Foreign Policy, 'Building a better world: The diplomacy of Ubuntu' (May 2011). The White Paper articulates a commitment to open and accountable international governance that is based on support for an African agenda, South-South multi-lateralism and the philosophy of *Ubuntu*. It is important to explore whether this commitment to humanity is in fact reflected in South Africa's foreign policy within the UNSC and other global organisations, and whether such an approach, that presumably places the sovereignty of people above the sovereignty of states, actually informs South Africa's diplomatic choices.

## SOUTH AFRICA'S EVOLVING FOREIGN POLICY DISCOURSE

'You and your government don't represent me. You represent your own interests'

Archbishop Emeritus Desmond Tutu.<sup>8</sup>

For South Africa, the African agenda is its priority with regard to foreign engagement. The Department of International Relations and Cooperation (DIRCO) states that, since the 1994 transition, South Africa has favoured multi-lateral engagement in international and regional relations, with an emphasis on democracy, the rule of law, human rights and the peaceful resolution of conflicts. South Africa's continued commitment to multi-lateralism, within the framework of Pan-Africanism and South-South solidarity, is mentioned in the new White Paper as follows:

The developing world, especially Africa, has a limited voice and participation in the decision- and policy-making processes of the global trade, economic and financial institutions. This weakens the world's response to the developmental agenda of Africa and the South. A continued over-emphasis by the developed world on issues of peace and security undermine efforts to deal with the root causes of poverty and underdevelopment. To address this imbalance, South Africa will promote the increased alignment between the developmental agenda of Africa and the South and that of global organisations. In this regard, South Africa will work in partnership with other African countries to forge a collective vision.<sup>9</sup>

South Africa has become more committed to regionalism and regional integration through, for instance, active involvement in the African Union (AU), yet the presence of the other BRICS members has grown steadily in Africa with large investments in energy, infrastructure, agriculture and mining. As a result of the 'scramble' for the continent's natural resources, and competition amongst BRICS members for a larger slice of the pie, South Africa's 'African agenda' should inform its interactions within BRICS as well as with the broader global community in order to ensure that Africa's voice is heard. However, the problem is that South Africa has not been mandated to be the lead representative of African interests on the global stage or, in fact, the AU itself. In addition, it is not clear as to how national values of dignity, equality, freedom, democracy, human rights and the rule of law inform South Africa's multi-lateral diplomacy and interpretation of the meaning of 'state sovereignty'. In order to understand some of the anomalies, it is informative to consider South Africa's role within the UN and in particular the dynamics within the UNSC during its first and second stint as a non-permanent member.

In 1948, the newly formed United Nations adopted the Universal Declaration of Human Rights (UNDHR), which remains to this day the international standard for recognising and implementing human rights law. Almost from the very outset, the UNDHR was dismissed by realists for its idealism in the complex power-based domain of international *realpolitik*. However, despite widespread cynicism, the architecture of international human rights law has developed steadily since 1948, and so has the tendency to recognise human rights as a central component of international relations.

South Africa's foreign policy under the *apartheid* regime (pre-1994) was highly legalistic, and was based on the traditional laws of state sovereignty and absolute respect for domestic jurisdiction. It was as a result of this stance that South Africa was alienated in international relations and became a pariah state in the context of the 'new' world order post the atrocities of World War II that is based on the rule of law and human rights. This alienation within the international community, including economic sanctions, was a strong factor in leading to the eventual demise of apartheid, which was recognised by the UNSC as a crime against humanity as early as 1973. On 30 November 1973, the United Nations General Assembly opened for signature and ratification the International Convention on the Suppression and Punishment of the Crime of Apartheid. It defined the crime of apartheid as 'inhuman acts committed for the purpose of establishing and maintaining domination by one racial group of persons over any other racial group of persons and systematically oppressing them'.<sup>10</sup> Whereas international law was previously seen as a threat to the state as it imposed

international censure and sanctions on the apartheid government, it is now included as one of the pillars of South African democracy, and adherence to international law is entrenched in the Constitution.

The South African Constitution (Act 108 of 1996) provides an enabling framework for the promotion and protection of human rights domestically, as well as within the broader domain of international law. It is widely recognised in South Africa that the two regimes of rights – constitutional and international – are intertwined and do not function separately from one another. As such, international human rights should inform the internal protection of the rights of citizens, whereas the national commitment to human rights should inform foreign policy. This is evidenced by the recent promulgation of the Implementation of the Geneva Conventions Act 8 of 2012.<sup>11</sup> This legislation has as its aim to enact the Geneva Conventions and Protocols (also known as the 'laws of war') into domestic law in order to ensure prevention and punishment of grave breaches of the Conventions and Protocols, including war crimes and crimes against humanity, which are prosecuted by the International Criminal Court (ICC). Section 3 of the Act provides that courts must consider and, where, appropriate, may apply conventional international law, customary international law and comparable foreign law. The constitutional commitment to international human rights and humanitarian law is therefore made explicit in this Act.

Ever since the first democratic President of South Africa, Nelson Mandela, announced in 1993 that human rights would be 'the light that guides our foreign affairs',<sup>12</sup> there has been a stream of commentary in the media, from academia and from think tanks bemoaning the fact that South Africa has not, and is not, living up to Madiba's laudable standards and expectations. In fact, Mandela himself set about building and maintaining close relationships with the controversial leaders of Cuba, Libya, Syria, Sudan and Iran in the early years of South Africa's democracy, responding to criticism from the US by stating that the 'enemies of the West' are not necessarily the enemies of South Africa.<sup>13</sup>

During the Mbeki years of the 'African Renaissance', South Africa served its first term from 2007 to 2008 as a non-permanent member of the UNSC. During this term the country drifted further from its role as a global human rights proponent by taking some contradictory and ambivalent positions by *inter alia* openly opposing the International Criminal Court arrest warrant for the Sudanese President Omar al Bashir, and aligning with Russia and China on the question of Burma. Relations with Zimbabwe, Swaziland and Iran have also been – and remain – a concern.<sup>14</sup>

The decline of focus on human rights in South Africa's international relations could be illustrated simply by looking at the evolving attitude towards the Dalai Lama, which has worsened as relations with China have

strengthened. Mandela met with the spiritual leader in 1996, but the Dalai Lama was denied entry into South Africa under both the Mbeki and Zuma governments as economic ties with China grew. The failure to issue a visa for the Dalai Lama to attend Archbishop Emeritus Desmond Tutu's 80<sup>th</sup> birthday celebrations in October 2011 led to Tutu's dramatic proclamation that the African National Congress government does not represent him or his interests. This public statement carries heavy weight in South Africa considering the liberation credentials of the Archbishop and his tireless efforts to encourage and pressurise the international community to institute sanctions against the *apartheid* government.

The current president, Jacob Zuma, is a pragmatist who is focused on developing close economic relations with emerging global powers, including those that do not have strong human rights records like China and Russia. Although the importance of sustainable development cannot be overstated, it remains an obligation of the state to uphold the values entrenched in the 1996 Constitution, namely dignity, equality and freedom, and to ensure that engagement with global partners does not weaken its position on human rights. Political commentators have expressed concern that too much emphasis has been placed on economic development at the expense of a more robust commitment to democracy, human rights and the rule of law, as if the two are mutually exclusive concepts.

Some specific concerns raised under Zuma's rule – possibly influenced by economic partners that prefer a 'relativist' approach to human rights and advocate absolute state sovereignty – have included:

- Continued reticence to take decisive action against Robert Mugabe's ZANU-PF ruling party despite the obvious failure of the Government for National Unity (GNU) and continued violence against opposition leaders;
- The granting of a loan to King Mswati III of Swaziland, who is an absolute monarch, imprisons political activists and squanders government funding for personal gain;
- Siding with the African Union (AU) in criticising the International Criminal Court (ICC) for issuing a warrant of arrest for Muammar Gaddafi (as with Sudan's al Bashir earlier), despite having voted in favour of UNSC Resolution 1970, which sanctioned an investigation into the Libyan regime's human rights abuses and war crimes;
- Raising strong criticism against the 'interference' of the ICC in African affairs, claiming that it is an instrument of imperialism, despite having signed and ratified the Rome Statute and even gone as far as to promulgate domestic legislation aimed at implementing South African obligations under the statute;

- Refusing to recognise the legitimacy of Libya's National Transitional Council (NTC) as the interim government, and criticising neighbouring Botswana for 'breaking ranks' with the SADC and the AU when it pledged its support for the rebuilding of a post-Gaddafi Libya;
- Abstaining from a UNSC Resolution to condemn the Syrian regime's violent oppression of public uprisings, and continuing to support the peace plan when this process has patently fallen apart, leading to the resignation of UN Special Envoy to Syria, Kofi Annan.

The central question is whether these actions reflect the complexity of compromises in the 'real world' or whether they illustrate a shift in the importance of human rights in the context of international relations. Consider, for instance, the following comment from former Deputy Foreign Minister Aziz Pahad, after Mbeki's 1998 official visit to China: 'I think we all agree that there are specificities in each country, which are not universal forms of human rights. We are adapting to the specific conditions of each country'.<sup>15</sup>

Whilst the public debate around South Africa's seemingly ambivalent stance on international human rights law continued, the government released its White Paper on Foreign Policy (May 2011), which clarifies to some extent what the Department of International Relations and Cooperation (DIRCO) is committed to, but which at the same time remains quite vague.

## WHAT DOES A 'NEW DIPLOMACY OF UBUNTU' LOOK LIKE?

In the new White Paper *Building a Better World: the Diplomacy of Ubuntu*, DIRCO posits that South African international relations are informed by the history of colonialism and the liberation struggle, as well as by the hard-won constitutional values of dignity, equality and freedom:

The values that inspire and guide South Africa as a nation are deeply rooted in the long years of struggle for liberation. As a beneficiary of many acts of selfless solidarity in the past, South Africa believes strongly that what it wishes for its people should be what it wishes for the citizens of the world.<sup>16</sup>

Within this context a new strategy of sorts is alluded to in the Preamble to the 2011 White Paper where it is stated that South African foreign policy is distinctly Afro-centric and is founded on the African philosophy of *Ubuntu*. However, *Ubuntu* is only fleetingly defined in less than a page and is only mentioned briefly in the Preamble, and again in the last few sentences of the 36 page document:

'In conclusion, South Africa's greatest asset lies in the power of its example. In an uncertain world, characterised by a competition of values, South Africa's diplomacy of *Ubuntu*, focusing on our common humanity, provides an inclusive and constructive world view to shape the evolving global order.'<sup>17</sup>

DIRCO's new policy states that the philosophy of *Ubuntu* means 'humanity', and is reflected in the idea that we affirm our humanity when we affirm the humanity of others, and that this value must inform South Africa's interactions within multi-lateral institutions. It is also maintained that South African foreign policy will be framed by respect for our common humanity and the diversity of nations. It is the recognition of the interconnectedness and interdependency of humanity.

The philosophy of *Ubuntu* recognises the sovereign humanity of others, and this forms a new kind of community based upon an understanding of cosmic harmony or wholeness.<sup>18</sup> If this is the context within which *Ubuntu* is invoked in international affairs, it actually lends support to the argument that human rights need to be understood in a holistic sense, ensuring that the sovereignty of people, both domestically and globally, is placed above the interests of the state. In fact, socioeconomic rights are posited in order to hold the state and the international community accountable when citizens are without food, water or shelter, or where health and education services are sub-standard. A principled commitment to democracy, the rule of law and human rights (both political and socioeconomic) is not antithetical to economic growth.

As a 'people-centred' philosophy, *Ubuntu* requires the South African government to be transparent and accountable in international relations. In the May 2011 budget speech,<sup>19</sup> the Deputy Minister of International Relations, Marius Fransman, posed a question, asking what the department is doing 'to ensure that International Relations doesn't remain foreign and inaccessible to the ordinary citizen'. In answering his own question Fransman states that:

[O]ur domestic priorities and national interests continue to inform our international engagements. In our effort to rise to the Minister's call to have 'our foreign policy assessed against the weight of rising expectations', we have ensured that it becomes a product of extensive inputs that were compiled through consultative processes... Plans are at an advanced stage for the establishment of a Foreign Policy Council to be referred to as the South African Council on International Relations (SACOIR). This will be an advisory council on international relations, to again strengthen our resolve to make our foreign policy as inclusive and participatory as possible.

Subsequently, in September 2011, the South African Cabinet noted the establishment of the South African Council on International Relations (SACOIR). This forum will serve as a consultative forum for South African non-state actors and government experts to engage and interact with DIRCO on the development and implementation of South Africa's foreign policy.<sup>20</sup> Its main objectives are:

- To provide a platform for the generation of public debate on foreign policy;
- To provide a consultative forum for the regular review of South Africa's foreign policy;
- To advise the Minister of International Relations and Cooperation.

However, to date there is no indication as to how SACOIR is to be constituted or how it will operate.<sup>21</sup> Despite the uncertainty, the significant progress made towards increased participation in international affairs is welcome, as it is important for civil society and NGOs to ensure the government is representing national interests and working towards creating a better life for all South Africans.

## THE OPTION OF HUMANISING INTERNATIONAL RELATIONS

In any discussion on international peace and security, it cannot be denied that tensions arise between the established principle of state sovereignty in international law – considered by the 'Third World' as imperative to ensure the failure of any attempts at re- or neo-colonialism, especially on the African continent – and the protection of citizens against human rights atrocities perpetrated by the state. However, intervention in the domestic affairs of states is not a 'new' doctrine. It was mentioned as early as 1625 by Hugo Grotius in his magnum opus *The Law of War and Peace*, where he argued that intervention would be justified in resisting state tyranny.<sup>22</sup> Furthermore, when the British navy patrolled the African west coast in 1807, preventing other nations from continuing with the slave trade once it had been banned in Britain, this was also a form of 'international intervention'.

State sovereignty is entrenched in Article 2(7) of the UN Charter, which prevents the UN from intervening in 'matters which are essentially within the domestic jurisdiction of any State'. However, this provision must be read and interpreted together with Article 1(3) of the charter that recognises the promotion of human rights as a function and purpose of the UN. It could thus be argued that the 'promotion of' human rights can be seen as a *justifiable limitation* to an absolutist interpretation of sovereign state



independence.<sup>23</sup> This re-interpretation of the traditional notion of state sovereignty defines states as instruments at the service of their people, with the effect of bringing the sovereignty of the people to the fore. Therefore, the perpetuation of severe human rights abuses by a government against its own people does not fall solely within the purview of 'domestic affairs'. One such theory is that a state's legitimacy is tied to the proper treatment of its people, and that an offending state can no longer hide behind a mantle of non-interference in domestic matters. This theory can also apply to intervention in the event of natural disasters and related humanitarian crises.

As a result of concerns about the changing nature of global conflict, a norm known as the responsibility to protect (R2P) has developed that allows the international community to intervene in sovereign territories to prevent and halt mass atrocities (genocide, war crimes and crimes against humanity). However, R2P received a bad name when it was (mis)used in UNSC Resolution 1973 to justify the protection of the Libyan people 'by all means possible', leading to the imposition of a no-fly zone by NATO.<sup>24</sup>

In the light of the above, despite the vehement opposition of IBSA and BRICS, as well as the AU, to intervene in the internal affairs of a sovereign state (examples being Libya and more recently Syria), it has become apparent that the nature of conflict and warfare has changed. Intra-state conflicts are more likely to occur than conflict between states, and as a result this has increased the discourse about the necessity of international intervention in a state's 'domestic' affairs. In *Sovereignty vs. Responsibility*<sup>25</sup> Francis Deng et al. argue convincingly that sovereign states should no longer be defined by the inviolability of their borders (as was the understanding in the post-colonial era), but by the obligation to protect their citizens.

During her visit to Washington in April 2012, Brazil's president Dilma Rousseff reiterated the stance reflected in her November 2011 speech to the UN General Assembly where she raised the concept of 'responsibility while protecting'. Her government followed this up with a position paper, setting out what this might mean in practice. The position paper is not clear about how and when the UN security council should authorise the tactical use of force, but the same can be said of the original 'responsibility to protect' (R2P) doctrine that promotes 'humanitarian intervention'. However, the Brazilian paper's real significance may be in showing how its own diplomacy is developing in the area of human rights in particular.<sup>26</sup> This encompasses a commitment to multi-lateralism and the protection of civilians.

Put simply, the Brazilian position is that the concepts of 'responsibility to protect' and 'responsibility while protecting' should evolve simultaneously, based on an agreed set of fundamental principles, parameters and procedures, including the following:



- A focus on prevention and prevention diplomacy, and support of other initiatives such as 'Friends of Mediation' that promotes the exercise of collective responsibility in the pursuit of peace through diplomacy, dialogue, negotiation and prevention;
- Endorsing efforts to exhaust all peaceful means available in the protection of civilians under threat of violence, in line with the principles and purposes of the Charter of the United Nations and as embodied in the 2005 Outcome Document;
- The use of force must produce as little violence and instability as possible. Under no circumstances can it generate more harm than it was authorised to prevent;
- In the event that the use of force is contemplated, action must be judicious, proportionate and limited to the objectives established by the Security Council;
- Development of enhanced UNSC procedures to monitor and assess the manner in which resolutions are interpreted and implemented to ensure responsibility while protecting.

This position recognises that collective security may require the use of force, but supports this only as a last resort and, in addition, requires the force to be exercised responsibly. South Africa's own position is that military intervention cannot successfully resolve disputes and for this reason it continued to support the Peace Plan of Joint Special Envoy Kofi Annan based upon the fact that the UNSC should make proposals for conflict resolution without prejudice to the rights, claims and positions of the parties concerned. Annan's plan reflects the latest emphasis on the doctrine of 'responsibility while protecting'. The plan calls for an end to violence, access for humanitarian agencies to provide relief to those in need, the release of detainees, the start of inclusive political dialogue that takes into account the aspirations of the Syrian people and unrestricted access to the country for the international media.

On 18 July 2012 Russia and China vetoed for the third time a UNSC resolution that threatened sanctions against Syria's leadership. The British-drafted resolution, co-sponsored by the US, France and Germany, would have given the Syrian government ten days to withdraw its troops and heavy weapons from populated areas or face sanctions targeted at the regime's elite. South Africa abstained along with Pakistan, a stance that has again led to allegations that South Africa is slipping when it comes to supporting human rights globally and may be pandering to the wishes of its powerful and more authoritarian BRICS partners.

## CONCLUSION

South-South cooperation is said to have lost its idealistic and aspirational agenda in seeking changes in global governance, a battle fought at a multi-lateral level in different forums: G-77, NAM and the UN. It is proposed by some pundits that politically motivated cooperation is over as the common agenda of liberation from colonial powers has been achieved. Accordingly, the focus has shifted to trade, investment and technology transfers, which are implemented at interregional, regional and bilateral levels, with a decline in multi-lateral activism and a fragmentation of the South. However, with the spectre of neo-colonialism, an increase in human rights atrocities, and the need to survive in an increasingly complex world, the countries of the South have begun to re-commit themselves to constructive multi-lateralism. Unfortunately, human rights are also increasingly perceived to be idealistic and relativistic, with accusations that developed countries are using human rights as an excuse to further their new imperialist agendas. Democracy and human rights also appear to be scapegoated at the altar of economic development, where discourses claim that one must be sacrificed at the expense of the other.

Greg Mills asks whether South Africa has anything *'which we are unshakably committed to in our foreign relations?'*<sup>27</sup> He argues, along with many others, that South Africa's foreign policy principles have degenerated significantly since the Mandela era, with a decrease in commitment to democracy, human rights and the rule of law:

Now we have a 'bit of this and a bit of that' foreign policy. A bit of grand schemery in trying to change the world (hence our position at Doha on the WTO, or through Brics, or our evangelism in the United Nations, or on the Middle East); a bit of trying to keep friends happy regardless of human rights considerations (our voting record on Iran or Burma, for example); a bit of liberation movement politics (namely Zimbabwe); a bit of the maintenance of the routine (consular services); and a bit of assisting others (including peacekeeping operations and humanitarian relief), notably in Africa.

The uncertainty and a somewhat ambivalent record in the UNSC is the topic of hot public debate in South Africa, with frequent requests from international NGOs such as Human Rights Watch and Amnesty International calling for South Africa to take its position in global politics more seriously from a human rights perspective.

If South Africa wishes to build upon its political integrity, it is not enough to band together in groups such as IBSA or BRICS, focused predominantly on economic, trade, technology and investment concerns. It is

also incumbent upon the government to reflect to the world its serious commitment to the protection of the rights of *all peoples*. Human rights abusers – be they state or non-state – should be discouraged and alienated, as the National Party government was during the *apartheid* years. The peaceful settlement of conflicts does not necessarily imply that a state should not be taken to account for its atrocities. And it should be kept in mind that internal violations of rights are (or should be) damaging to efforts to become global leaders within the multi-lateral system. Here it would be advisable for South Africa to follow the example of Brazil as mentioned above, which recognises the necessity of protecting the rights of citizens, but calls for protective measures to be exercised responsibly.

Interdependence, human dignity, the centrality of people in international relations, as well as the African philosophy of *Ubuntu* all have the potential to act as counter-balances to neo-imperialist efforts. Human rights, if understood as a tool of struggle *against* power, add to the global resistance against oppression, disempowerment and the struggle against poverty. Human rights should not be used as tools to entrench economic dominance, or to dictate or influence the position of states in international relations, but as tools to ensure an end to humanity's suffering. The words of Michel Foucault are worth repeating here: 'It is a duty of an international citizenship to always bring the testimony of people's suffering to the eyes and ears of governments, *sufferings for which it's untrue that they are not responsible*'.

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## Building the BRICS of a New Global System: Cape to Cairo – South Africa's Search for Strategic Depth within BRICS

*Dianna Games*

### INTRODUCTION

**T**he accession of South Africa to the BRIC (Brazil, Russia, India and China) group of countries in 2010, after concerted lobbying by the administration of President Jacob Zuma, raised some eyebrows in the international community. Critics pointed to the country's relatively small size and particularly its low growth rates compared to its counterparts in the bloc. But the country's dogged pursuit of an invitation to become a member highlighted South Africa's longstanding desire to box above its weight in global affairs and further illustrated the country's determination to be part of shaping a new global order. Its role in the BRICS was cemented by the country's hosting of the 2013 summit in Durban.

The success of the event, and discussion about tangible outcomes for the bloc of diverse nations, seems to have tempered the criticism of those who believed South Africa was not a good fit with the BRIC nations based on its lesser economic fundamentals, low population and relative lack of global influence. But South Africa has sold its case as being a catalyst for BRICS engagement with Africa as whole rather than simply acting alone as one nation. This has found acceptance with other members of the bloc, who see the real benefit of South Africa's inclusion being its perceived role as a strategic player on a continent in which they have a vested interest.

South Africa has previously been singled out by other international forums, such as the G20, to represent and even speak for Africa. Some new entrants believe that it provides an entry point into the region. But if it is truly to represent Africa in BRICS or any other bloc, a key issue is the country's weight and influence within Africa and its credibility and acceptance among other Africans as their representative in forums outside the continent. For it to be of real value to the BRICS and others, South Africa

needs the appropriate strategic depth within Africa to effectively play the role that global economic powers believe it has.

South Africa's promise to use its BRICS membership for the betterment of the continent could be seen as a genuine attempt to develop the continent, which is in the country's own national interest, or cynically as a way of gaining a leadership role accepted by Africans, which it so badly wants. At the Durban summit, the country delivered on its promise to include African priorities in its deliberations. It highlighted the continent's needs to the distinguished participants, getting them to back infrastructure investment and faster regional integration. It hosted a retreat on the sidelines of the event to allow discussion between the BRICS leaders and influential African leaders and suggested that the proposed BRICS development bank would be a vehicle for African development, among other things.

There is no formal link between the continent's regional body, the African Union, and the BRICS, but South Africa appears to be using its own AU roles to build links between the two. In fact, membership of the BRICS appears to have been the catalyst for South Africa to fight for the African leadership role within Africa that many outside Africa have mistakenly presumed it had all along.

While the country has had some success in solving political conflicts on the continent, it has not, until recently, used its political and economic leverage within Africa sufficiently – and strategically – to position itself as the leading power on the continent. It has failed to balance its continental interests with its quest for advantage in developed economies and non-African emerging markets.

South Africa has also been tardy in dealing with issues that have affected its relationships with other powerful states in Africa such as Angola and Nigeria, preferring to focus on trade arrangements with developed states and blocs such as the European Union and China in line with its export profile. Despite its economic weight on the continent, South Africa is not regarded by many Africans themselves as the representative, or 'leader', of Africa. This is based on many factors – e.g. envy; a view that the country is naive in issues of global diplomacy; the fact that it seeks to dominate the continent economically; and its perceived sense of 'exceptionalism,' seeing itself as morally and economically superior.

There is no consensus on the issue of which country might represent the continent, a matter that was highlighted when there was talk of a permanent seat for Africa on the United Nations Security Council. South Africa is well placed to do so. It has the financial heft, a diversified commercial base, the continent's best infrastructure, strong institutions and outwardly focused diplomacy.



Nigeria has carved out a powerful role for itself on the continent diplomatically and militarily. It has the high GDP growth rates and population numbers that Jim O'Neill, the international banker who coined the BRIC acronym, believed were necessary to justify any alignment with these other powerful economies. But it is battling to tackle the legacy of years of official neglect that have resulted in serious infrastructure deficits and massive underdevelopment. It appears to have no particular strategy for membership of BRICS despite the fact the member states are growing investors in the country.

There are both synergies and competitive issues between Nigeria and South Africa in terms of continental leadership and it is probably unrealistic to expect one clear 'voice' for a continent of 55 countries.

Despite extensive political rhetoric and backslapping, the BRICS countries' main interest in Africa is linked to trade and investment, more specifically the export of commodities and the import of cheap goods and labour to the continent. South Africa is only one cog in this trade and investment machine, albeit much sought after for its own extensive mineral riches. And contrary to South Africa's own notion of itself as the gateway to Africa, these opportunities are being exploited without any recourse to Pretoria.

This chapter examines South Africa's relationships with BRICS nations and the rest of Africa and considers whether it has the perceived economic and political weight on the continent to justify its inclusion as the sole African country and where this relationship might go.

## **SOUTH AFRICA AND THE BRICS**

Size does matter, according to critics of South Africa's inclusion in the BRICS. They point to South Africa's relatively small population, the small size of its economy compared to its partners in the bloc and its low growth rate compared to other members of the BRICS, which are among the fastest growing nations in the world.

Defenders of South Africa's inclusion in the BRICS maintain it is not the country's size that counts but rather the geo-strategic benefits it brings to the group that gives it the right to be there. South Africa has effectively exploited the international view that the country is a proxy for the African continent, which makes it very attractive to the other BRICS countries who view African markets as being strategic to their future development.

South Africa became a member of BRIC in December 2010, adding the 'S' to the acronym. Its officials attended the Third BRICS Leaders Summit in Beijing in April 2011 and the New Delhi Summit in March 2012. At the 2012 meeting, SA started to bed down its membership, moving from trying

to justify its existence in the bloc to discuss what benefits it could leverage for the country itself and potentially other African countries. This reached a new stage with its hosting of the 2013 BRICS Summit, the first on African soil, where the country sought to highlight its frequently stated commitment to make the BRICS membership an African, rather than South African, opportunity.

South Africa may be small in relation to its BRICS peers but it is the biggest economy in Sub-Saharan Africa, accounting for a third of sub-Saharan GDP and more than half of Africa's industrial output. Since the late 1990s South Africa has been one the largest sources of foreign direct investment on the continent and a key source of goods and services. Trade with all countries in Africa is weighted in South Africa's favour with the exception of a few oil producing nations, such as Nigeria and Angola. In 2011, trade among the Southern African Development Community (SADC) states grew 18 per cent, but without South Africa in the equation the growth rate was four to six per cent, highlighting the lack of competitiveness among and the relative size of the other member states.

South Africa is a key repository of sought-after minerals, containing nearly 90 per cent of platinum reserves, nearly 80 per cent of manganese reserves and significant amounts of chromium, diamonds and others. Its own companies have been active on the continent for nearly two decades, providing experience and a pool of management skills for foreign multinationals to tap into.

Historically it has become, by default rather than design, the preferred gateway for foreign multinationals to invest in the rest of the continent, given its strong infrastructure, lifestyle options, world-class financial services and transport links to other African states.

It is also the only African nation on the G20 and is currently in its second term in the non-permanent seat of the United Nations Security Council, where it sits alongside two other BRICS members – China and Russia. This profile makes it attractive as the African representative for the BRICS, given further impetus by the country's view of itself as a pivotal state seeking to reshape the global landscape, which coheres with the agenda of the other BRICS states. Its position at the southern tip of Africa puts it strategically between other major regions of the global South – South America and South-East Asia – positioning it as a potential air and shipping hub.

Membership of the bloc provides obvious benefits for South Africa. Its bloc partners are the new drivers of the global economy. They collectively make up half of the world's population, represent 10 per cent of global GDP and account for about 70 per cent of global economic growth. By 2050, China and India are predicted to have larger economies than the US at current

rates of growth. Trade among BRICS rose from \$27 billion in 2002 to \$212 billion in 2010. In 2012, it was expected to reach \$250 billion.<sup>1</sup>

According to the African Development Bank, the continent's trade with emerging partners in Latin America, Asia and the Middle East has doubled in nominal value over the past decade, and now accounts for 37 per cent of the continent's total exports, while China has overtaken the US to become Africa's biggest trading partner.<sup>2</sup> Between 2000 and 2009, China's trade with Africa increased by a massive 708 per cent and India's by 506 per cent compared to 126 per cent with Europe and 122 per cent with the United States.<sup>3</sup>

South Africa is inextricably linked to this unfolding picture. By 2012 it was already China's biggest trading partner in Africa and South Africa's biggest trading partner globally, overtaking the United States in 2010. Trade between the two countries increased by 77 per cent in 2011 to \$45 billion<sup>4</sup>, up from \$13 billion in 2006. In 2011, South Africa's exports to China, worth \$10.95 billion, were more than twice those to Germany and about eight times more than those to Britain,<sup>5</sup> both historically top trading partners with South Africa.

The trade figures alone prove that South Africa's inclusion in the BRICS was a good commercial move for China. The country is not only a source of multiple commodities that China needs, it is also a large market for Chinese goods. However, the cosy relationship with China through BRICS has raised concerns about what promises are being made that might erode South Africa's economic performance, specifically that of its industrial base. South Africa has already tried to prevent the flood of Chinese goods to protect local industry. In 2006, for example, China agreed to cut textile exports by a third to give the South African textile industry a chance to survive.<sup>6</sup>

India is building stronger ties with South Africa as evidenced by the number of high-level investment forums and political visits between the two nations. Trade between them is less resources focused than China's. It reached \$10bn by 2010 and officials have predicted it will reach \$15bn by 2014.<sup>7</sup> A CEO's Forum established in 2010 has met twice with a view to cementing business ties between the countries.

South Africa has longstanding political ties with India, and in 2003 the two joined forces with Brazil to form the India-Brazil-South Africa Dialogue Forum (IBSA). The forum's aims are not dissimilar from those of the BRICS – to contribute to building a new international architecture through collaboration on issues of importance to emerging markets and to cooperate in development. Commercially, this arrangement failed to gain any real traction and it is arguably China's presence in BRICS that has given that forum

a momentum that IBSA failed to gain. Russia and Brazil play a much lesser role in South Africa politically and economically.

South Africa, too, finds the new emerging market investors attractive. These countries have governance models that include strong state intervention in the economy, a model that is increasingly being adopted by Pretoria. In 2011, South African organisation the Free Market Foundation, a member of the global Economic Freedom Network, said South Africa had dropped five places to 87<sup>th</sup> out of 141 countries in a ranking of economic freedom. A decade earlier it had ranked 39<sup>th</sup> on the same list carried in the annual report of the Economic Freedom of the World.<sup>8</sup> Similarly, in 2011, it was ranked 74<sup>th</sup> out of 179 countries in The Heritage Foundation/Wall Street Journal's 2011 Index of Economic Freedom.<sup>9</sup>

Government officials have often spoken of the burgeoning relationships with their new friends as a counter to the mistrust they have of Western countries and the conditions attached to lending, which are less onerous from their trading partners in the East. There seems to be a view in South Africa that the new emerging market investors have a more altruistic approach to Africa. There are also strong ties between the ruling party of China and South Africa's African National Congress, for example.

## **SOUTH AFRICA AS AFRICA'S BRICS REPRESENTATIVE?**

Questions have been posed about whether South Africa has sufficient leverage in Africa to justify its international reputation as the continent's representative in global forums. Jim O'Neill concedes that although South Africa does not work as a BRIC alone, as part of the continent, it does. 'The continent has the combined number of people and GDP size to be regarded as a true BRIC.... Now that South Africa is present in the BRICS group, I think it is incumbent on the country to be at the forefront of trying to help Africa, at least economically, to pursue goals of behaving as a continent.'<sup>10</sup>

The government has frequently stated its commitment to regional integration and it has also pledged that the continent's interests are top of mind in its engagement with BRICS. South Africa is well positioned as a development partner for the rest of Africa. Through its state funding agencies, the Industrial Development Corporation and Development Bank of Southern Africa, it funds regional industry and infrastructure and it is playing a leading role in building a free trade area across a large swathe of Africa. Its companies are among the top investors on the continent and it has wide diplomatic representation.

The government certainly believes that the country has been a powerful developmental force in Africa. For example, Trade and Industry Minister

Rob Davies, in defending South Africa against critics that maintain it is losing its status as the gateway to Africa, says:

If anything, the fact that some of the FDI championed by new emerging countries is routed directly to targeted African countries indicates that Africa is slowly developing, and that many countries have worked on improving their political and economic governance. This comes as welcome news for our government, for it tells us that our efforts in consolidating the Africa economic agenda and regional economic integration are yielding intended results.<sup>11</sup>

The notion of South Africa as a gateway to the continent has largely been inherited by the current administration rather than evolving a result of any policy initiatives specific to this end. In fact, officials have tended to play it down, concerned that the notion of a gateway implies it is a gatekeeper as well. But the official attitude seems to have changed since 2010 in the wake of the rhetoric from leaders of BRICS states that have highlighted the country as their gateway to Africa. Key ministries have started looking at specific policy initiatives to position South Africa as a launch pad into the continent for foreign investors in order to increase, or at least maintain, the country's relevance in Africa for foreign investors.

South Africa offers a soft landing in Africa because of the sophistication of its economy and particularly, the strength of its financial sector. Another key attraction for BRICS companies, and other new emerging market players in Africa such as Turkey and South Korea, is the fact that South Africa is a repository of management skills and companies with experience and growing footprints in the rest of Africa. Strategic alliances have already been forged, for example, the acquisition by China's largest bank, the Industrial and Commercial Bank of China, of South Africa's Standard Bank. Companies are becoming popular acquisition targets for investors from emerging markets as well as western markets seeking assets in a new investment frontier.

At the same time, however, investors are also entering other strategic markets directly, particularly in the resources sector. Logistics and geography now play a greater role in international business and as transport routes open up and economies improve, companies no longer need to route their businesses through South Africa. Nigeria has become an economic hub for West Africa, Angola is a key point of contact for companies from Brazil and Portugal, while Kenya and Mauritius are draw cards for Asian companies and offshore financial interests. Dubai is growing its African ties, particularly through the expansion of flights to African cities, while London and Paris remain the headquarters for many multinationals with African interests.

While China's diplomats constantly refer to SA as the economic giant's gateway to Africa, its companies – and politicians – tend to deal with African countries directly from Beijing. For example, at the same time as the 2013 summit in Durban, China announced a major investment in nearby Tanzania. It was a reality check for the South Africans that their cosy relationship with the BRICS was not going to change or influence the patterns of trade and investment these countries have with other African states.

## **SOUTH AFRICA'S ROLE IN AFRICA**

South Africa's national interest is inextricably tied to the economic progress of the continent and to greater peace and security. The country has played a key role in funding African institutions that are tasked with doing development work on the continent, such as the African Union and the New Partnership for Africa's Development (Nepad). The latter originally had its headquarters in South Africa before relocating to Addis Ababa. South Africa also supports the Pan African Parliament, located near Pretoria.

Since the end of apartheid, the government has tried to position South Africa as a development partner on the continent, spending money on ad hoc interventions to make friends and develop relationships. Much of this work was based on the African Renaissance vision of former president Thabo Mbeki, who put this at the centre of his foreign policy. His administration established the African Renaissance Fund in 2000 under the Foreign Affairs Ministry (subsequently renamed the Department of International Relations and Co-operation or DIRCO). It aimed to bolster foreign policy objectives but lacked strategic direction with spending, amounting to a series of politically expedient interventions that did not advance South Africa's economic wellbeing even though they did create some political goodwill. Projects funded included South Africa's hosting of a pan-African women's conference, the building of a museum in Guinea to mark revolutionaries in exile and the building of a library in Mali to house historical manuscripts.

Money was also spent on providing electoral support to the Democratic Republic of Congo, disarmament and election in Liberia and funding South Africa's observer role in Sudan's 2010 elections.<sup>12</sup> But it also emerged that more than half of the fund's R1.2bn disbursements from 2004 went to countries with human rights abuse records, including Zimbabwe and Guinea,<sup>13</sup> showing a naivety in South Africa's diplomacy in Africa.

The government of Jacob Zuma replaced this fund with the South African Development Partnership Agency (SADPA), which also falls under DIRCO but appears to have a more strategic focus on development, with a view to deepening the country's foreign policy impact and influence. It

aims to be the leading government agency responsible for channelling aid and assistance to other African nations.

The weakness of this arrangement is the fact that South African government departments do not always act in concert to support foreign policy initiatives, which has made it difficult to track the amount actually spent by South Africa on development assistance – a lost opportunity for the country to coherently highlight its development role in Africa.

But despite its internal mandate to be a development partner in Africa, the premise in international forums that SA speaks on behalf of all Africans and has significant influence over continental debates and agendas is not unanimously embraced within the continent. South Africa's official engagement with the rest of Africa has, like its development funding, largely been ad hoc and unfocused.

It has not capitalised sufficiently on its proximity to African markets through a targeted strategy of economic diplomacy, nor has it historically balanced its continental interests with its quest for advantage in developed economies and non-African emerging markets.

The country's own strategic weakness with regard to the rest of Africa has been highlighted by the focused diplomatic engagement its BRICS partners have undertaken on the continent. Each of these countries has used economic diplomacy to further their commercial interests both in terms of securing resources for their own development and generating business opportunities for their companies and government enterprises. The approach has included not only multiple high-level political visits to countries across Africa but also the extension of generous credit lines offered to governments in Africa to create business opportunities for their own companies.

In contrast to its BRICS peers, South Africa has shied away from linking development funding directly to commercial advantage for its companies on the basis that this would perpetuate the view of the country as a hegemonic power rather than a development partner. In the meantime, South African companies are competing for commercial advantage on the continent with well-funded and politically supported companies and state enterprises from China, India and Brazil. The uneven playing field means they are losing market share even as they increase their economic activity on the continent.

South Africa has also undertaken relatively few state visits within Africa. In 2009, Zuma visited Zambia and Angola and in 2010 he went to Uganda, Algeria, Lesotho and Egypt, along with China, India, Russia and the United Kingdom.<sup>14</sup> In 2012 he visited Jamaica in addition to Botswana.

There has been some slippage in economic engagements with key states in Africa. An example in this regard is Nigeria, one of South Africa's biggest export and investment destinations and one of its top three sources of crude



oil. It was also a leading supporter of the anti-apartheid movement. For more than a decade, there have been visa problems between the countries that have affected goodwill between citizens of both. The 10<sup>th</sup> anniversary of the South Africa-Nigeria Binational Commission established between the countries in 2000 was marred by the inability of South Africans to get visas in time to attend the Abuja event marking the occasion.<sup>15</sup> The commission itself, run at vice-president level, suffered from political developments in both countries and it did not sit between 2009 and 2012.

Nigeria failed to support South Africa's bid for the chairmanship of the African Union Commission, seemingly because of an informal convention that none of the big powers in Africa would stand for powerful AU posts in order to make the organisation more representative for smaller states. In 2012, South African officials denied there was any such agreement. The two countries were also at odds over South Africa's handling of the crises in Cote d'Ivoire and Libya – although South Africa publicly backed Nigeria's bid for the top post of the World Bank in 2012.

However, the niggling problems in the relationship came to a head over something much smaller – a crackdown at the airport in Johannesburg on allegedly fake yellow fever certificates held by Nigerian travellers. The deportation of 123 Nigerians over two days sparked fury in Nigeria, which implemented retributive measures. The situation was eventually defused by a public apology by South Africa.

Another key market for South Africa, Angola, suffered similarly with Mbeki failing to recognise its contribution to South Africa's new order. Zuma helped to patch up the damage with a state visit in 2009 but the country remained without a South African ambassador for more than a year. Angola is a big market for South African companies and a growing source of oil for South Africa. It was also a major backer of Dlamini-Zuma in the region's bid for the AU chair.

Many Africans are hostile towards South Africa's sense of 'exceptionalism' in Africa on the basis of its sophisticated economy and attention from international organisations. This has been exacerbated by the strong presence of South African companies across the continent. The speed and extent of their expansion after 1994 took many Africans by surprise. The mismatch in business cultures and attitudes has informed much of the hostility as the South Africans' economies of scale and aggressive business culture has pushed many African companies out of business, although they have also helped to build local companies through partnerships and investment.

Being another African country has attracted undue criticism for the South Africans that has not been experienced by companies from other top investing nations such as the UK, for example, and, increasingly, China.



The South African government has been sensitive about such criticism, believing that it fuels the flames of South Africa as a regional hegemon, the very thing it is trying to avoid in its political relationships. The situation has not been helped by the fact that, unlike its BRICS partners, there is mistrust between big business and government, which has hampered the development of a coherent economic diplomacy strategy for Africa and other regions. Local business chambers, too, are fragmented and South Africa has so far failed to present a united front in the increasingly competitive business environment globally.

In some quarters there is a view that South Africa's failure to develop a robust economic diplomacy policy for the region is also based on its lingering sensitivity about the actions of the apartheid regime towards the former 'frontline states' that created a view of South Africa as a regional aggressor.

The strong push by South Africa to get Dlamini-Zuma elected to the AU chair in 2011 and 2012 was somewhat out of character for the reluctant hegemon and its determination appeared to be driven by a need to have more influence in Africa in order to meet the expectations of its BRICS partners.

The campaign may have united Southern African countries in their bid to finally get a top post at the AU, but it also meant alienating other countries that did not want South Africa in such an influential position. Campaigners for her opponent, Jean Ping of Gabon, later accused the South Africans of dirty tricks, including paying for votes. It took two elections and four rounds of voting to secure the post. Dlamini Zuma accepted that it was important for her to mend fences in Africa in the wake of the long-running electoral battle while also emphasising that she was in the role as an African, not as a South African.

The long road to the influential AU post highlighted a lack of broad support for South Africa on the continent, support which seemed to have been assumed by the country itself. Mbeki's African renaissance vision went a long way towards carving out new partnerships in Africa but it had limited success in addressing the economic dimensions of the country's relationships on the continent.

However, the Zuma administration has been more proactive than the previous regime about economic engagement with the continent, particularly as a way of justifying the country's lone African representation in BRICS. This is starting to be reflected in policies and new roles being carved out for South Africa. For example, Zuma has been appointed president of the Presidential Infrastructure Champion Initiative which supports the African Union's Programme for Infrastructure Development in Africa (PIDA). The aim is to promote socio-economic development and poverty reduction on the continent through improved access to integrated regional infrastructure networks and services.<sup>16</sup>

Zuma has been specifically tasked with championing the North-South Corridor, a trade initiative focusing on improving existing transport routes from South Africa to southern Democratic Republic of Congo and the port of Dar es Salaam in the east. The programme also entails improving power supply in countries along the corridor.

DIRCO has indicated that its new development agency SADPA will reflect its seriousness about being a development partner to other African countries and position it alongside other countries playing a key role in international relations which had similar funds to build relationships with other countries.

The financial crisis in traditional donor countries means South Africa has an opportunity through the agency to grow its influence in Africa through the provision of more targeted and proactive aid, rather than the reactive stance it has taken in the past with the ARF. It can supplement these efforts with a change in the mandate of its development finance agencies, the DBSA and IDC, which are principal agencies in the execution of South African economic diplomacy in Africa, to tie funding of projects to South African suppliers where it makes sense to do so.

South Africa is also a key player in the tripartite free trade initiative to create a common market out of 26 countries across three regional blocs – the Common Market for Eastern and Southern Africa (Comesa), the East African Community (EAC) and the SADC. South Africa hosted the summit at which negotiations to this end were launched in 2011. The country has various initiatives in place to improve regional integration and it is focusing on massive infrastructure spend internally to improve its competitive advantage in trade and investment.

The South African Reserve Bank has responded to the opportunity by reducing exchange controls both for general investment into the continent and for private equity. It has also relaxed local listing rules to position the Johannesburg Stock Exchange, by far the biggest bourse in Africa, as a gateway for investment in African stocks.

## CONCLUSION: A NEW STRATEGIC DIRECTION FOR SOUTH AFRICA?

Membership of the BRICS, and the attendant pressure to act in the interests of the rest of Africa, is forcing South Africa to focus on a more strategic continental strategy. Despite the frequent statements made by Dlamini-Zuma that she is working for Africa and not South Africa in her new role, African states are unlikely to overlook her South African connection, or the greater influence her position gives the country in African affairs. Although there is no permanent seat at the UN Security Council currently on offer, the

AU job together with the country's role in international and regional blocs, heightens South Africa's chances of getting such a position should it eventually come to pass.

The membership of BRICS gives South Africa a platform to bring African countries together to articulate a new discourse with these emerging global giants, especially China, which has been widely criticised for largely replicating the colonial patterns of commercial engagement.

It is important for South Africa not to lose sight of its own back yard as it faces political and economic challenges and grapples with declining competitiveness. It is not short of development programmes and ambitious growth plans but these continue to suffer from rising corruption and poor state capacity to execute them. The relationship will not mask a growing lack of competitiveness in South Africa and a trend of de-industrialisation that is already being exacerbated by competition and dumping from China and other BRICS states.

South Africa is setting a lot of store by the new BRICS development bank endorsed by member states at the 2013 summit. It has offered to host the bank, which will lend some weight to its quest to be a gateway into Africa but the figures of what states may be expected to contribute to it – \$10 billion each at last mention – is a significant chunk of money for South Africa and highlights the issue of its much smaller economy in the BRICS bloc.

Given the size of the other local economies and the war chest of their existing development agencies, it is likely that a large chunk of spending from such a bank will go into Africa. Nevertheless, it is a tangible benefit that can be sold to African states even though there are no timeframes on its establishment and no clear picture of how lending decisions will be made.

At this stage, other benefits for South Africa are intangible. They include preferential access to decision makers in these economic giants and a strong political positioning in global affairs. But it is unlikely that the trade issues between SA and the BRICS, nor among other members of the BRICS themselves, will simply be swept away on a tide of political symbolism and goodwill. There are likely to be some tough debates ahead.

Many believe the membership is more symbolic and political than economic in terms of real benefits. But the political alignment with these rapidly growing economies highlights South Africa as an investment destination and it does offer it preferential access to spheres of influence in these countries. Important for South Africa is the fact that the BRICS gives it an opportunity to pursue a core foreign policy objective – reshaping the global order in favour of developing countries while cocking a snook at the West.

But the country also needs to review its current economic trajectory to ensure it remains relevant going forward. Even as BRICS looks for ways to increase its relevance as a disparate group of countries with multiple

interests, other players are rising and this bloc may transform over time to take on board economies that are much bigger than South Africa's and growing more rapidly. These include Indonesia, South Korea and Turkey and, in Africa, Nigeria.

It should also ensure that it does not turn its back on traditional investors, who still dominate trade and investment in Africa alongside China and who will offer continued trade and investment opportunities in future. More than half of Africa's trade is still with Western nations and South Africa benefits handsomely from duty-free access to US markets through the African Growth and Opportunity Act, for example.

But most importantly, South Africa has to develop a more coherent economic and political strategy in Africa if it is to give any strategic depth to its role as an African partner for the other BRICS countries. The current thinking of how to be an effective development partner in Africa at the same time as being a key investor needs to be fine tuned to ensure that success in achieving one doesn't preclude success in achieving the other. How South Africa balances its national priorities with a continental agenda in terms of the BRICS will be one of its challenges, a situation potentially exacerbated by the fact that the other member states make no pretence about representing regional interests.

Nevertheless, its membership does offer South Africa an opportunity to highlight Africa's development discourse with influential emerging market decision makers.

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# South Africa in BRICS: Substance or Piggybacking?

*Gerrit Olivier*

## INTRODUCTION

South Africa's membership of BRICS coincides with and underscores the basic philosophy and dictates of the *new paradigm*<sup>1</sup> underpinning its post-1994 foreign policy, particularly regarding its new national identity, mode of identification towards the outside world and role perception in global and regional politics. The new foreign policy paradigm reposes on four main pillars: the domestic pillar, the African Agenda (regional and continental) pillar, the Bandung or South-South solidarity pillar and the multi-lateral pillar. All the other strands of South Africa's foreign policy are secondary. They feed into the overarching rationale represented by these pillars.

- First, the **domestic** pillar places special emphasis on security and welfare; that is, wealth creation, the eradication of poverty and ending the marginalisation of the poor (White Paper, 2011:7).
- Second, the **African Agenda** pillar 'seeks to and has positioned South Africa (SA) as a critical player in shaping the development agenda of the continent'.<sup>2</sup>
- Third, the **Bandung** pillar of non-alignment shapes SA's understanding of South-South cooperation and opposition to colonialism as a natural extension of its national interest.<sup>3</sup>
- Fourth is the **Multi-lateral** pillar. SA sees an important role for itself in the strengthening and transformation of the multi-lateral system. This particularly means obtaining a permanent African membership on the UN Security Council, achieving closer cooperation between the latter and the African Union, reforming the global financial architecture, promoting respect for international law and supporting

multi-lateralism as a way to ensuring a rules-based international system.

Therefore, in the context of SA's overarching foreign policy doctrine, BRICS' membership was a major achievement for the country's diplomacy. It promises to elevate the country to a league in global affairs which is much higher than its size and power status objectively warrants. In particular, it corroborates the high premium placed on SA's pivotal position as an African state, as well as its role in multi-lateral diplomacy, while its inclusion renders the BRICS conglomerate more 'representative' from a geopolitical perspective.<sup>4</sup>

Should the country manage to respond in kind with the high-quality diplomacy and strategic clarity the situation calls for, its national interests could benefit greatly in time. A focused, qualitative response is particularly imperative given the fact that critics suggest that the country does not really qualify to play in the BRICS league, citing its small size, inferior global power status relative to the other members (i.e. Brazil, Russia, India, China) and the fact that countries like South Korea, Indonesia, Mexico, Turkey and possibly Nigeria, are better qualified for membership of the power club. Moreover, the ambivalence-cum-reluctance of some African states towards recognising South Africa's posturing as a 'gateway' to the continent, or representing the latter, casts further doubt on its legitimate relative power status in BRICS.<sup>5</sup>

## **SOUTH AFRICA'S NEW NATIONAL IDENTITY AND MODE OF GLOBAL IDENTIFICATION**

A new era signifying a new regional and global role for SA was introduced in its relations with the rest of the world after the regime change of 1994. Because of the impact of profound domestic and international transformations, this new era was characterised by significant changes as well as new patterns in the country's mode of interaction and identification internationally. The Cold War and the politics it engendered were suddenly rendered *passé*, as the United States (US) emerged as the world's only superpower.

Contrary to earlier expectations, world politics became less predictable, more complicated, and less peaceful than had been the case during the bipolar cold war era. New tensions of a different kind emerged, affecting the foreign policies of most states. Inevitably, these domestic and international changes necessitated a fundamental redefinition and restructuring of SA's foreign policy, reflecting the country's new of identity, its new regional and global orientation and alignment, as well as new foreign policy goals, priorities and strategies.



The overbearingly Western-centric foreign policy followed for most of the 20<sup>th</sup> century by previous governments was replaced after 1994 by a new paradigm. It was based on the country's much heralded 'new' African identity, articulating an 'African Agenda', solidarity with the developing world and emerging powers, and it being geographically situated in the 'Global South'. While the pre-1994 ideology had been based on a pro-Western alliance emphasising anti-communism and resistance towards democratic non-racial majoritarianism and anti-colonialism, the new ideology, deeply rooted in the liberation struggle, nullified all these notions, heralding a totally new foreign policy paradigm.

As articulated in the Department of International Relations and Cooperation's (DIRCO) 2011 White Paper, SA's foreign policy is '...currently based on the primacy of the African continent and the Southern African Development Community; commitment to South-South cooperation; the centrality of multi-lateralism; consolidating relations with the North; and the strengthening of bilateral social, political and economic relations'.<sup>6</sup>

The new foreign policy paradigm led to significant changes in SA's pre-1994 bilateral and multi-lateral orientation and relations. On bilateral level new and full diplomatic relations were established with all those countries hostile to the previous regime and close or special relations developed particularly with those governments that were partners and collaborators in the African National Congress's (ANC) struggle against apartheid.

The notion 'Euro-centrism' henceforth became a pejorative notion in the lexicon of President Thabo Mbeki's foreign policy, denoting something antithetical to Afro-centrism, a remnant of colonialism as well as a reminder of the erstwhile special relations with fellow Caucasians in Europe when South Africa was under white rule. According to Landsberg, in his 'I am an African' speech of 8 May 1996, Mbeki attempted to 'rid S A from the contentious claims about its European origins, and to imprint in the country a sense of an African identity'.<sup>7</sup>

Replacing SA's European/Western identity with an African identity became the ruling ANC coalition's priority. Apart from new dogmatic-ideological imperatives articulated by Mbeki, 'post-apartheid South Africa's desire to differentiate itself from the West has been sharpened by the ambivalence with which it is regarded by many African states...due to rivalry from countries which also aspire to play leading roles in Africa...'.<sup>8</sup>

Therefore, after 1994, a new SA identity and global alignment emerged, reflecting the country's new international personality and role perception: particularly its essential Afro-centric character and purpose; its role and destiny as a leading African nation; a primary role player in South-South, non-aligned and multi-lateral diplomacy. This posture also signalled a refusal to kowtow to Western political, economic and cultural hegemony

and a resolve to join the developing world and emerging powers to resist and reduce this hegemony by way of trying to reset the global agenda, and promoting structural and policy changes in global politics and economics.

For SA, therefore, 'the struggle continued'. But this was a struggle of different kind: no longer of an orthodox Marxist-Leninist kind or against apartheid, but a new universal class struggle, pitted against the inequities in the world; between rich and poor, marginalisation, underdevelopment, unequal globalisation, Euro-centric cultural dominance, financial discrimination, superpower hegemony and American unilateralism. This was a struggle, in particular, to give Africa a better place in the world and to erase the debilitating discrepancies of the international *status quo*; to level the playing field between the Global South and the Global North.

Opposing America's (or generally the West's) international political agenda and its domination of global financial institutions is a common denominator among the BRICS members, although their individual tactics and strategies in dealing with it may differ from case to case.<sup>9</sup> SA is particularly critical of America's globally hegemonic role, positioning itself against Western policies and actions towards countries like Iraq, Iran, Palestine, North Korea, Libya, Syria, Myanmar and Zimbabwe. A sceptical-cum-oppositional attitude towards the West manifested most prominently in the multi-lateral domain, especially in the United Nations, where SA in recent years has twice served as a non-permanent member of the UN Security Council (UNSC).

Regarding the Bretton Woods global financial architecture, the so-called 'Washington Agenda', was particularly singled out as a mantra of opposition to Western domination. With the controversial exception of UNSC resolution 1973 on Libya, it has often, but not with complete consistency, sided with Russia and China against Western members. For instance, SA supported resolution 1973 on Libya (realising afterwards that it was a 'mistake') but, together with fellow BRICS member India, voted in favour of an Arab League sponsored resolution calling on Syrian president Bashar al-Assad to step down, with Russia and China exercising their veto. Overall, BRICS members seem *ad idem* in their opposition against the West, America in particular, pertaining to all areas where their foreign ideological and strategic interests come into play.

Although a rebalancing and refocusing of Pretoria's foreign relations in line with the post-apartheid national interests and ideological preferences has occurred, *realpolitik* has demanded the continuation of a pragmatic, productive relationship between SA and the West. It was, therefore, a matter of rebalancing or refocusing SA's foreign relations, but not necessarily in a zero-sum fashion. The outcome of this process was that that relations with

most Western countries remained generally amicable and businesslike, but no longer close or special, a case of 'not too near, but not too far'.

The economic and developmental imperatives of this relationship are quite overwhelming, particularly from a national interest and interdependence perspective. SA, by a large margin, is the vulnerable party in this North-South relationship, challenging Mbeki's quest for ideological purity. The economic sway Europe and America holds over SA, particularly in the fields of trade, science and technology as well as direct foreign investment, still outweighs that of any other country or region. Although increasing trade with Africa and China is narrowing the gap, the West's foothold remains strong, if not dominant.<sup>10</sup>

### **SOUTH AFRICA'S IDENTIFICATION WITH BRICS' VISION OF A 'NEW WORLD ORDER'**

The choice SA has made regarding its foreign policy orientation is towards a future away from the West in alignment with emerging powers in opposition to Euro-American dominance. Apart from the ideological rationale of this policy, it is based on the assessment that dominant global power is ineluctably shifting away from the West to the East. South Africa's joining BRICS comes at a time when American influence, mainly due to military and financial overstretch, massive indebtedness, domestic political divisions and the rise of emerging powers, has entered into what is regarded by some observers as 'a phase of decline'.<sup>11</sup> Also the European Union (EU), a main and traditional stronghold of Western economic dominance, is caught up in a debilitating debt crisis of unprecedented proportions with unpredictable consequences. Therefore, with the West weakening and vulnerable, BRICS' efforts to redress and reverse Western dominance could be deemed timely, strategically opportune and politically expeditious.

Should these trends continue irreversibly, four scenarios seem possible: (a) The West declines progressively to a point where it fades away as a global force to be replaced by a configuration of emerging powers dominated by China; (b) The competition for ascendancy between forces remains inconclusive, but emerging powers gain sufficient ground vis-à-vis the West to compete effectively in a new, bipolar or multipolar balance of power dispensation in world politics; (c) BRICS emerge as the harbinger of a kind of a 'global Utopia' based on the 'establishment of an equitable, democratic and multipolar world order',<sup>12</sup> amounting to, in the words of China's President Hu Jintao, 'a more balanced world economy, more reasonable international relations, more effective global governance and more durable world peace'.<sup>13</sup> (d) Traditional bloc and power politics make way for a non-polar world, the

ever-strengthening forces of globalisation, cosmopolitanism, multi-lateralism and interdependence, rendering national agendas subservient to supra-national agendas, thus obviating conventional state-bound power-politics.

How (or if) any of these scenarios will manifest, will be influenced, to a lesser or greater extent, by the type of politico-economic role BRICS will develop and institutionalise, and how the West will react to it. In their quest for greater global significance, China and Russia in particular are inclined to use BRICS as both an economic and political vehicle. When the four BRIC founding members (Brazil, Russia, India and China), all of them ostensibly 'emerging giants' on the global scene, met in Yekaterinburg, Russia, for their first official summit on 16 June 2009, their focus was set on means to improve the global economic situation, reforming international financial architecture, heightening involvement in global affairs and improving mutual cooperation.

In a follow-up to the summit, the BRIC nations, mainly at China's and Russia's behest, broached the need for a new 'diversified, stable and predictable' reserve global currency, a statement most certainly aimed at the dominance of the US dollar. The effort to end dollar hegemony was given further momentum at the Fourth BRICS Summit in New Delhi held on 29 March 2012, with the announcement of the establishment of a Joint Development Bank (along the lines of the World Bank and Asian Development Bank) to offer funding outside the current global financial system.<sup>14</sup> All of this should coincide with the 'establishment of an equitable, democratic and multi-polar world order', the major aim being to working towards the reshaping of the present uni-polar world order into a multi-polar system where several countries and blocs will share global leadership.<sup>15</sup>

BRICS' role perception, therefore, postulates an alternative to the international *status quo*. It sees itself predominantly as a revisionist actor, as a leader, a determinant and influencer, rather than one of merely performing a secondary or supportive 'anchor' function at the behest of Euro-American interests. It has set its sights on becoming a countervailing multi-lateral influence against real and perceived Western dominance in world politics and economics. Old fashioned power politics is part of this scenario, particularly as far as China and Russia are concerned. As pointed out by *The Economist*, 'No matter how often China emphasizes the idea of a peaceful rise, the pace and nature of its military modernization inevitably cause alarm'.<sup>16</sup> Similarly, in Russia, President Vladimir Putin's defence spending is on a steep rise, motivated largely by a perceived threat from the USA.<sup>17</sup> Undoubtedly, the West uses its remaining superiority to maintain the diplomatic and strategic *status quo*, for instance, by its foot-dragging or downright reluctance regarding reform of the UN and global financial

institutions, maintaining and promoting its influence and vested interests in various parts of the world.

There is yet no indication of Western animosity towards India, Brazil and South Africa clubbing together in the IBSA Trilateral Dialogue Forum. Neither is the BRICS configuration openly characterised as a threat to Western interests. On the contrary, IBSA and BRICS members 'find themselves more or less "anointed" (as pivotal 'anchor states' by the G8) as interlocutors within the global context of North-South political contestation and on a range of issues'.<sup>18</sup> This strategy recognises the inevitable role of key emerging states and the G20 configuration in global politics, a significant departure, therefore, of traditional 'hegemonic politics'.

From this perspective it aims, first, at multi-lateralising cooperation regarding regional and global security and structural issues in partnership with the emerging states. The second aim is to emphasise complex interdependence in a globalised world. Third, by using this strategy, the West hopes to ensconce a diplomatic and strategic *primus inter pares* role for itself as long as it can. Whether this is an adequate or credible response is another question, as a more flexible, non-zero-sum, accommodative approach towards the legitimate interests and demands of the developing world and emerging powers is called for.

The benefits SA could gain from membership would be considerable if it is the main rationale and intention of BRICS to promote the formation of 'like-minded' coalitions aimed at restructuring the Western-dominated global economic, political and security architecture, the 'establishment of an equitable, democratic and multipolar world order',<sup>19</sup> the formation of a more balanced world economy, more reasonable international relations, more effective global governance and more durable world peace.<sup>20</sup> If SA could effectively champion these objectives in concert with African nations, it could indeed make a constructive contribution to regional and world politics, in spite of its relative smallness and low ranking in the international pecking order.

On the other hand, however, if it fails to get wider African support and allows itself to be manipulated into becoming a malleable tool or captive ally of Chinese and Russian political power play, it is bound to perform a secondary satellite function in the BRICS configuration, losing credibility, not being taken seriously as a role player and generally sacrificing its foreign policy thrust and independence in global diplomacy.

## SOUTH AFRICA A 'GATEWAY TO AFRICA'?

When a financial analyst at the investment powerhouse Goldman Sachs created the BRIC acronym, he singled out Brazil, Russia, India and China 'as a lucrative investment opportunity for the company's clients based on the enormity of their combined Gross Domestic Products (US\$18.486 trillion and an estimated US\$4 trillion in combined foreign reserves) and the probability of increasing growth'.<sup>21</sup> 'Together they account for 40 per cent of the world's total foreign exchange reserves, more than 40 per cent of the world's population and 25 per cent of the world's land area'.<sup>22</sup> Goldman Sachs estimates that by 2050 their combined economies could eclipse the combined economies of the richest countries in the world.<sup>23</sup>

SA's share, as the table indicates,<sup>24</sup> is dwarfed by the magnitude of what the rest bring to the table. Its economy 'is roughly equivalent to that of China's sixth largest province'.<sup>25</sup> Before SA was formally invited to join this powerful conglomeration of states, leading economists, including Jim O'Neill (the creator of the 'BRIC' acronym) held that SA was just too small an economy to join the BRIC power club.<sup>26</sup>

However, asymmetry is a cardinal feature of BRICS and not limited to SA. This points to the fact that political/strategic criteria might outweigh economic indicators, particularly bearing in mind China's overwhelming dominance of BRICS. With a GDP of \$7.3 trillion, the Chinese economy is the second largest in the world, larger than all the other BRICS put together.<sup>27</sup> This indicates an emerging scenario characterised by Chinese dominance of its four BRICS partners as captive allies and an increasingly strained relationship in time to come.

### Global ratings

|                | Brazil          | Russia          | India           | China           | South Africa     |
|----------------|-----------------|-----------------|-----------------|-----------------|------------------|
| Population     | 5 <sup>th</sup> | 9 <sup>th</sup> | 2 <sup>nd</sup> | 1 <sup>st</sup> | 25 <sup>th</sup> |
| Labour Force   | 5               | 7               | 2               | 1               | 34               |
| GDP (nominal)  | 7               | 11              | 10              | 2               | 28               |
| GDP (PPP)      | 8               | 6               | 4               | 2               | 25               |
| GDP (Real)     | 15              | 88              | 4               | 5               | 117              |
| Exports        | 18              | 11              | 16              | 1               | 36               |
| Imports        | 20              | 17              | 11              | 2               | 34               |
| Current Acc    | 187             | 4               | 169             | 1               | 179              |
| Forex reserves | 7               | 3               | 6               | 1               | 33               |

|                      |    |   |    |   |    |
|----------------------|----|---|----|---|----|
| Military Expenditure | 12 | 5 | 10 | 2 | 43 |
| Electricity Cons     | 9  | 4 | 5  | 1 | 14 |
| Rail network         | 10 | 2 | 4  | 3 | 12 |

Apart from China's overall dominance, as the above figures indicate, in the company of the other four members SA can be singled out as a minnow. This highlights the importance of continental African cooperation, with SA, as leading nation, legitimately acting as African gateway to BRICS. This will make a big difference, particularly bearing in mind the economic resurgence in various African states. It is estimated that Africa's collective GDP at \$1.6 trillion in 2008 is set to rise to \$2.6 trillion by 2020 and combined consumer spending from \$860 billion to \$1.4 trillion by 2020.<sup>28</sup>

What particularly counted in SA's favour of becoming a BRICS member was its 'gateway to Africa' credentials, based on its location, its status as a regional power in the continent and, most important, the expectation that it would represent the 'whole of Africa' in the power club. In July 2011 DIRCO minister Nkoana-Mashabana referred to SA's role as a 'bridge builder' and its role perception of being part of 'progressive forces globally working for a better and just world order'.<sup>29</sup> In June 2011 president Zuma referred in Parliament to the BRICS membership as strengthening 'our position as a gateway to Africa'.<sup>30</sup> This argument was also used at a Davos meeting in January 2011 by Trade and Industry Minister Rob Davies. He acknowledged that SA's position was small by comparison with the other BRICS members, but emphasised the growth potential of Africa as a whole, as 'several hundred million people gain consumer power and the efficiencies of increased regional integration start to kick in'.<sup>31</sup>

It is a moot point, however, whether SA can rightfully claim the 'gateway to Africa' epithet as things stand at present. It did not lobby African support for admission, simply assuming that Africa would join the bandwagon. Other BRICS members, particularly China, were under the impression that SA would *ipso facto* represent all Africa and stated so in public,<sup>32</sup> expecting the country to promote its well-known ambitions in Africa.<sup>33</sup> Inspired by the immense international prestige value of BRICS membership, SA rather vain-gloriously preferred to go it solo, claiming the honour for itself, although using the unsubstantiated 'gateway to Africa' metaphor to strengthen its case.

Had African countries (particularly the AU) and the various regional economic communities (RECs) been consulted and lobbied beforehand to make it a joint effort under SA's leadership, more substance and legitimacy would no doubt have accrued to its membership. This display of assertive unilateralism runs counter to traditional African multi-lateral diplomacy and it undermined SA's already lukewarm relations with major countries on



the continent. Some African countries seem to regard SA as a continental competitor as graphically illustrated by its recent humiliating failure to get its candidate elected as AU Commission Secretary-General early in 2012, when Nigeria, Egypt and Kenya, along with more than 20 smaller states (in spite of intensive lobbying by South Africa) voted against its nominee.<sup>34</sup> In the follow-up election in July, SA's candidate succeeded, although the run-up propaganda for or against the two candidates and the split in the final voting count showed sharp division. There is no doubt that SA's ascendancy is in decline, losing out against African countries, Egypt and Nigeria in particular. If present growth rates are taken as a criterion, by 2050 Egypt will be twice the size of the SA economy and Nigeria three times as big.

At present, SA still has a solid advantage for a 'gateway role' but there is a growing consensus among financial analysts that the country needs to up its game).<sup>35</sup> However, things do not seem to improve. Domestic developments do not encourage confidence as to where SA is headed. Factors such as questionable government policies on foreign investment, slow economic growth, high unemployment and poverty, run-away instability in the labour market, rising wages, declining state efficiency, rampant crime and corruption have cast serious doubt on SA's ability to maintain its position as an African economic power house, undermining its ambitions to lead the way in Africa.<sup>36</sup>

## BRICS MEMBERSHIP: A CHALLENGE TO SOUTH AFRICAN DIPLOMACY

Although it is still early days, BRICS membership holds exciting opportunities for SA. On the international level it could enhance its goal achievement, role and status. On the domestic and regional levels it offers the opportunity to extract more trade, investment and development assistance from its BRICS partners, particularly from China and India.

However, much will depend on its future economic growth path and the quality and thrust of SA's diplomacy – how the country interprets and exercises its membership and role and how the country shapes as a stable, progressive democracy. No doubt the immediate scenario looks promising. By piggybacking on the substantial individual and united power of its four partners, it can potentially play in a world league where other countries of a similar category simply cannot.

This being the case, SA has a strong interest in the way BRICS chooses its policies and strategies while establishing itself as a global role player of note. In the final analysis, SA's diplomatic challenge ought to be an enlightened self-serving one: to influence the BRICS agenda in such a way that its own national interests, those of Africa as a whole and the South



in general are advanced while maintaining its foreign policy leadership and independence. But the moot question is whether SA will display the diplomatic nous and capacity in the company of its much stronger partners in pursuit of these challenges.

Although initial promises look good, as a relatively new phenomenon, BRICS' essential DNA which will direct its longer term global role still comes over as somewhat murky. The aspirational assumptions underpinning its *raison d'être* still have to materialise; opening moves will have to be followed by real substance and solid achievements. With this in mind, SA foreign policy makers, while assessing the risks and opportunities of membership, would be wise to give careful consideration to especially the following caveats:

First, the BRICS' *raison d'être* is strongly based on the rather simplistic linear assumption of the *inevitable* decline of the West and the *inevitable* rise of the East and emerging nations from the South. What is not certain is whether the 'decline of the West' is indeed inevitable. How permanent is the West's present decline? Will it continue after the recession? How long could it take to reach a tipping point? Is the 'decline' perhaps more apparent than real? Does the world indeed face a future world 'without the West'?<sup>37</sup> It may indeed be a long-term scenario as the power of nations shifts over decades and not years. By 2050, according to Goldman Sachs, the United States (then with an estimated economy about half the size of China's), along with China, India, Brazil and Russia, will still rank among the top five economies of the world. Even so, China will need more than a dominating economy to replace Western supremacy and become number one in the global pecking order. It may also be possible that emerging nations, including Brazil and India, might not choose to cast in their lot with a dominant China or to challenge America's hegemony; indeed, that fluid rather than fixed alliances could emerge as countries compete to maximise their strategic interests.

The other side of the decline-of-the-West coin is that the sustainable, stable future of all the BRICS' members is not a certainty cast in stone. Considering in particular the potential for instability in the undemocratic or quasi-authoritarian regimes in China and Russia (the latter's heavy reliance on high energy prices in particular), a linear hypothesis about their inevitable rise and dominance could be premature and faulty. In the context of recent manifestations of anti-Putin demonstrations in Russia, China's burgeoning social challenges, China and India's enduring uneasy relationship and improvement in India-US relations,<sup>38</sup> a more realistic prognosis seems to be called for. Then there is also the issue of BRICS' 'natural' compatibility. As pointed out by Ian Bremmer, when it comes to their domestic political systems 'the BRICS are apples and oranges...and

pears and pineapples. Brazil and India are democracies; Russia and China are autocracies... (BRICS) have too little in common abroad and too much at stake at home to play a single coherent role on the world stage'.<sup>39</sup>

SA would therefore, while looking East, be wise not to put all its eggs in one basket and be more discerning and prudent about possible future developments or choice of alliances. Goldman Sachs's exclusive use of linear, rather simplistic, 'hard power financial arithmetic' to substantiate their 'rise and decline' scenario is open to contestation. Rather conspicuously, qualitative 'soft power', and more important, the linkage/combination of hard and soft power ('smart power') do not feature in its estimations, casting some doubt on the conclusiveness of their findings.<sup>40</sup> Moreover to 'combine so many complex variables into such a long-range forecast, [Goldman Sachs] had to make a series of questionable political assumptions.' The largest is that that the governments of these four countries would exist in pretty much the same form for the following 47 years.<sup>41</sup>

Second, the BRICS' objective to reshape the global economic/financial architecture is both legitimate, timely and relevant in the light of Western continued dominance and the seemingly inexorable shift of economic power away from it to the developing world. From this point of view, SA's membership makes complete sense as it accords with its own foreign policy vision. What might compromise its position, however, is the real possibility that BRICS' growing economic power might be converted (mainly at the behest of Russia and China) into greater geopolitical clout to form a new pole, a countervailing force, to Western dominance in world politics.

Such a development may turn out to be a resurrection of anachronistic 19<sup>th</sup> century balance-of-power politics, of old-fashioned confrontational Westphalia realism, and greater militarisation to buttress the sought-after 'countervailing force' to trump the West. This will ignore contemporary trends and forces in international politics; that is, consensus-seeking phenomena like globalisation, multi-laterals, complex interdependence, transnational cooperation and non-governmental transactional interaction. To participate in 'political' roles engendered by power political obsessions to subdue the West would obviously not be in SA's national interests.

Third, it is particularly noticeable that BRICS' membership does not square with the usual geo-political demarcations used to indicate and define South Africa's foreign policy preferences. Brazil is from the South and Russia and China are from the North, while India is a borderline case although generally grouped with the South. Asia, Latin America, Europe (Russia) and Africa are represented in the club.

The South-South, North-South configuration, a prominent reference point in SA's foreign policy compass, is therefore not followed in this case. In addition, the fact that Australia, geographically part of the Global South

and pro-West, is not being considered as part of the equation points to an obvious 'we-they' ideological agenda. On the other hand, Russia, a Eurasian country of the Global North noted for its staunch opposition to America, is included, corroborating BRICS' ideological agenda.

Fourth, the elitism/exclusiveness of BRICS must be questioned. In its present form it comes across as an elite configuration of diverse nationalities, a coalition of the influential, the strong and the powerful, aiming at promoting the specific agenda of its members and usurping the privilege to represent the 'South against the North'. In particular, this derives from its role perception as a countervailing force vis-à-vis the West, and casting itself as the 'hope' of the emerging nations of the world.

The question arises as to whether the BRICS concept should not be more representative, more inclusive of other major role players like Mexico, Turkey, South Korea and Indonesia in particular. What is also not sure is how BRICS will fit into a global architecture characterised by a plethora of multi-lateral organisations (notably the G8+5, G20, G 77, P5, N-11 and the Bandung Group) with overlapping agendas and to which they all belong in any case. The overlapping of the BRICS and G20 agendas is a distinct source of confusion regarding implications of double membership.

Fifth, particularly in the light of vastly improving macroeconomic and political conditions in various African states, would it not be wiser for SA to put more energy into promoting its Africa agenda rather than expending huge amounts of diplomatic capital on BRICS?<sup>42</sup>

Sixth, BRICS membership has implications for SA's post-1994 role as an international moral force, as a champion of human rights – this being a basic and primary objective of its foreign policy. As its voting behaviour in the UNSC indicates, its commitment to this objective is ambivalent, if not questionable, as it is increasingly obvious that SA has abdicated from its role as human rights champion, which now plays second fiddle to its ideological interests.

The argument that SA cannot support UN Security Council resolutions on human rights because it is part of a 'Western Agenda' is simply disingenuous opportunism. The position it takes is conspicuously congruent with the positions of Russia and China, both variations of non-democratic authoritarian regimes with questionable human rights records. How exactly SA will deal with this contradiction between aspirations and practice in the context of its BRICS membership (and in general) will impact profoundly on its image, role and leadership in world affairs.

## CONCLUSION

While SA's new BRICS status is flattering to the national ego, much will depend on whether the new organisation will live up to all its promises. On the assumption that BRICS is not a shooting star in the global firmament, a moot question is whether SA has the capacity to apply the diplomatic *nous* and strategic excellence to make the most of it. SA obtained membership for very specific reasons and will therefore have to think very carefully about its role. Basically it has three options: (a) to follow the leadership of the dominant members in all respects, (b) to demonstrate diplomatic leadership and co-determine the agenda of BRICS with its own and African interests as lode star and (c) to opt for an eclectic approach, in other words a mixture of the first two options and strategic flexibility. Russia and China, both early sponsors of SA's membership, seem to expect the country to toe a 'collective' BRICS foreign policy line on crucial issues<sup>43</sup> which means that the two strongest partners will determine the agenda.

What is still being questioned is SA's lack of a clear role perception as a new BRICS member as well as obvious deficiencies in its diplomatic astuteness and strategic prescience. The country is being expected to behave as a 'reliable partner', but reliability may also imply subservience. As the weakest member, but carrying significant symbolic importance as an African state, Russia and China, in particular, regard it as a pivotal diplomatic partner for advancing their cause, following their leadership and their agenda. So, what begs the question is whether particularly Russia and China see SA as a pawn in their tactical game to challenge Western dominance of the global agenda.<sup>44</sup>

For SA, this implies a clear choice, a specific mode of identification and alignment in world politics: respectively, collective foreign policy making, particularly where BRICS and Western' interests are at odds but favouring China's agenda, a pan-African posture in liaison with the African Union and an independent stance based on national interests and prestige.

Careful orchestration of the complex interplay between SA's national interests, strategic interests and ideological interests will be necessary. This refers in particular to dealings with its economic dependence vulnerability vis-à-vis the West, on the other hand, and the BRICS or South-South agenda on the other hand. As a new BRICS member, its post-apartheid diplomatic posture towards the West of 'not- too-near but not-too-far' should not be abandoned but refined. While particular care should be taken not to be seen as 'anti-West', it should also be careful not to be seen as a country being influenced by particularistic Western political preferences or agendas.

If SA wants to be respected as a 'sovereign independent actor' on the world stage it will have to think carefully about the strategic policy

implications of its preferred posture. Every choice should be made on merit with the caveat that – when countries with such widely diverse value systems as Russia and China, on the one hand, and Brazil and India on the other hand agree not to vote in line with their Western counterparts – SA should consider its own approach very carefully.

Managing multiple, complex and overlapping identities in a globalised, interdependent and interlinked world is a major challenge to contemporary foreign policy making. As boundaries erode, becoming ‘softer’, the linkages between global and domestic issues and problems have reached a level where practically ‘everything is related to everything else’. The world inexorably moves towards a multi-lateral, non-polar, post-Westphalian, holistic, interrelated entity, a latticework of complex interdependence.<sup>45</sup> Needless to say, how SA plays the ‘great game’ of alliance formation implicit in BRICS’ *raison d’être* is of the utmost importance, requiring astute diplomacy. The government has obviously erred by choosing a variation of alliance politics which put limitations on its foreign policy options and strategic manoeuvrability.

What particularly needs careful orchestration and prudent diplomacy is the complex interplay between South Africa’s welfare, security and economic dependence vulnerability on the one hand, and on the other hand its ideological pursuits in the context of directions of change in world politics.

SA continues to be assured of continuity, predictability and reliability on the part of the Global North, which is still the country’s most important source of development support and welfare creation. According to DIRCO ‘South Africa’s engagement with developed countries is premised on the notion of forging partnerships to bring about peace, security and development in the South and in Africa in particular... South Africa will continue to pursue strategic partnerships with the North.... to mobilise support for Africa’s development...’<sup>46</sup> How this policy will play out in a situation where SA operates in an ‘alliance of opposition’ – the inevitable result of its current foreign policy choices – is another question.

ANC Secretary-General Gwede Mantashe stated that ‘Western investors have to realise that South Africa does not need their money since it can increasingly turn to fellow BRIC members India and China to fund its economic development’.<sup>47</sup> In a discussion document DIRCO concurred by hypothesising ‘a world without the West’, assuming that ‘a group of large, populous, and increasingly wealthy countries are on the brink of great power status... These countries will increasingly circumvent the West... build an alternative system... that will be in neither conflict nor assimilation with the West... cooperation among them will render Western power increasingly, albeit not completely irrelevant...’.<sup>48</sup>

This scenario seems flawed, if not quixotic. SA would be well advised to act with circumspection regarding the thesis about the West's 'inevitable decline' and BRICS filling the vacuum as an absolute certainty. Instead it should strive for greater foreign policy independence and flexibility, perhaps even selective neutrality, and concentrate *par excellence* on maximising its national interests, including its African Agenda. Particularly, it should be wary not to be manoeuvred into becoming a strategic captive of any country or alliance either from the Global North or Global South.

While its dependence vulnerability vis-à-vis the West should be redressed as a matter of national importance, it should not simply be exchanged for a similar position in respect of the powerful nations of the BRICS configuration. These efforts should preferably emanate from a national value and interest-based role perception and foreign policy, while at the same time also promoting the pan-African cause.

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## Domestic Challenges and the African Agenda: Is South Africa just another BRIC in the wall?

*Aubrey Matshiqi*

**G**iven its domestic challenges and attempts at forging a common agenda on the African continent, is there a synergy between South Africa's domestic imperatives and continental ambitions and the agenda of BRICS? Is South Africa's membership of BRICS going to enhance its position in the world or is it going to be an impediment when it comes to its domestic challenges and the African agenda? Does South Africa fit the BRICS profile or is it just another brick in the BRICS wall?

These are some of the questions BRICS skeptics have put forth about South Africa's role as a BRICS country, echoed by the ambivalent. For instance, Khadija Patel, a journalist for whom 'words are her only defence against impending doom ... and iniquity', writing in a South African online newspaper, says that, 'While BRICS has offered the ideal platform for South Africa to promote pet causes like United Nations reform, the fact that we are not a 'natural' member of the club is seen to leave us in a position of relative weakness.'<sup>1</sup> Those who have invoked the issue of natural affinity have done so in terms of the notion that South Africa is not a quintessential BRICS country. This is consistent with the idea that a typical BRICS country must have a large population that is matched by high levels of economic growth. In other words, their assessment of South Africa as a BRICS country is informed by the belief that 'size matters'.

It is therefore not unreasonable to surmise that their logic is, in part, shaped by the view that, in international relations, if it is not the size of your guns, it must be the size of your population and economy that will determine your influence in global matters. Others have even commented that Nigeria is more deserving of a BRICS (maybe BRICN) status given the size of its population, its position in West Africa and the fact that by 2040, according to some projections, Nigeria will be the largest economy on the African continent. What, then, is a mouse like South Africa doing in the same club with elephants such as China, Russia, India and Brazil? If things

go according to the prediction that Nigeria's economic performance is going to outstrip that of South Africa in future, will South Africa be able to afford the economic steroids it needs to justify its BRICS membership?

According to Patel:

South Africa was alive to the opportunity of forming strategic alliances and helping advance the role of emerging economies in restructuring global political, economic and financial architecture. If the Brics nations are too far apart geographically and too disparate politically to forge a useful alliance, then the ideology of multi-lateralism has brought together a subversive new power in politics as well as the world economy.<sup>2</sup>

The approaches that seek to dismiss South Africa as a serious player in BRICS, in particular, and global affairs, in general, are overly pessimistic and miss the point to some extent. There are two challenges in this regard that South Africa needs to appreciate: first, the management of its own complex identity as a player in international relations, and second, the complex identity of BRICS as a bloc and that of its non-South African components China, Russia,<sup>3</sup> India and Brazil.

BRICS should be understood and analysed in terms of the tension between the hard power potential of Russia and China, the soft power potential of South Africa, India and Brazil, and the non-interference approach of China to issues of national sovereignty, as well as the African agenda of South Africa. This, by any standard, is a daunting challenge. This and other challenges notwithstanding, I agree with Patel who contends that the decision by the BRIC component to admit South Africa as a member is not as unstrategic as it may have seemed at first. She insists that Brazil, Russia, China and India, to varying degrees, recognise the value that may be added by South Africa to the BRICS agenda. To put this another way, there is a recognition that South Africa is not merely a passenger that will be carried by its BRICS partners but its role is understood in terms of the mutual benefit that will accrue to the national interest of all members.<sup>4</sup>

Because the truth about South Africa's potential in BRICS and its potential to add value to the BRICS agenda lies somewhere between the sceptical and the sanguine, we must commit neither the error of under-estimating nor that of over-estimating South Africa's potential. The error of over-estimation would cause South Africa to reach beyond its capacity to the detriment of its domestic and African agendas. To under-estimate South Africa's potential, on the other hand, would lead to a failure to recognise the opportunities that may coincide with the constraints imposed by the

material incapacities of the country, as well as the uncertainty imposed by changes in the global system.

Since scepticism almost always exists in counterpoint to the sanguine, it is not surprising that South African authorities believe that their country's potential should not be doubted.

The former South African High Commissioner to Canada, Mohau Pheko, argued that:

South Africa may be the smallest economy and population in the grouping but it comes with a great deal of political influence and economic potential both domestically, in SADC and the African continent. It is after all a major investor and political player on the African continent, an entity of 53 independent states with a population of more than a billion people. Africa is undeniably vital to the economic interests of the powerful emerging markets with a high growth potential. The importance of Africa in South Africa's trade profile is often ignored. South Africa has over the past decade been able to prominently position itself on the continent and create a great deal of leverage through its investment footprint. This brings to BRICS a new dimension that exposes new opportunities and creates an avenue for greater economic and political interaction.<sup>5</sup>

Pheko further argues that, 'The country's foreign policy agenda mirrors much of the focus of the other BRIC members. The unity of purpose amongst BRICS members in calling for the reform of the global governance system, international trade and climate change to name a few, undoubtedly lends to a natural partnership.'<sup>6</sup>

Pheko's comments are, in part, informed by the belief on the part of some South African government officials, politicians and commentators that changes in the global system, particularly what they see as the economic decline of the West, will result in a 'polycentric' global order. What researchers and international relations specialists need to focus on in future is the possible content of a polycentric global order and whether such an order will deliver a less unstable or more stable political and economic global order. But, if such a global order comes into being, the possibility cannot be ruled out that – instead of spelling the end of hegemony and hegemony as we have come to know them – the counter-hegemonic projects of today may become the hegemonic projects of the future in ways that undermine the logic and agenda of global reform. Clearly, South Africa sees BRICS as a counter-hegemonic project and regards itself as one of those countries, inside and outside the BRICS context, that will play a significant role in the re-engineering of global political and economic power should a polycentric world become the new global reality.

The following arise from the arguments of the High Commissioner:

- Despite its geographical size and the size of its population and economy, it can be assumed that South Africa's invitation to join BRICS was predicated on the assumption, and time will tell in this regard, by the other BRICS members that South Africa would add some strategic value to the agenda of this emerging powers bloc.
- BRICS seeks to coordinate its efforts on the basis of the common and transversal interests of its members.
- South Africa sees itself as the gateway to Africa, and is regarded by its BRICS partners as the gateway to their geo-political, geo-strategic and geo-economic interests on the African continent.
- South Africa's position on the African continent is seen as an advantage from which the other BRICS countries may benefit, particularly in relation to the growth potential of the continent.
- It is possible that the bloc seeks to benefit from the soft power potential of South Africa in terms of harmonising the economic potential and emerging power potential of BRICS as an important pillar in the changing global balance of forces.

However, Pheko concludes that:

Whilst BRIC is currently the premier platform for the world's most influential emerging economies with an economic agenda, it is not an economic bloc. Within BRIC itself there are visible distinctions and levels of economic power but the political unity of purpose is its strength. All five are members of the G20, members or [aspiring members] of the UN Security Council and belong to regional economic entities. They have a congruency of international political purpose and represent the aspirations of those previously disempowered nations who need to protect their development space. South Africa is privileged to be invited to form such a vital global partnership and [this] also heralds another vital phase in South Africa's post-apartheid foreign policy interaction.<sup>7</sup>

If Pheko's assertions are anything to go by, the South African government is neither entirely naive nor is it entirely realistic about BRICS and the position of South Africa in the bloc. What must be borne in mind is that some of the 'common' interests have a dual character. For instance, the idea of reforming the UN system may be one around which the BRICS countries are united, but, as it pertains to reforming the Security Council, it may drive a wedge between those members of BRICS, such as India and South Africa, which harbour the ambition of a permanent seat in the Security Council. As for the argument that BRICS is not an economic bloc, what needs to be avoided is the mistake that the economic and political dimensions of BRICS are mutually exclusive. If the assumption that BRICS will

or seeks to perform a counter-hegemonic function in the global system is correct, it must be assumed also that such an agenda has political as well as economic implications.

But in the same sanguine tone of Pheko and other South African officials, speaking at the fourth BRICS summit in New Delhi, India, at the end of March 2012, under the theme 'BRICS partnership for Global Stability, Security and Prosperity,' president of the Republic of South Africa, Jacob Zuma, said, 'I am convinced that all nations of the world share our desire to forge stronger partnerships and to ensure greater global stability, security and prosperity for all humanity.'<sup>8</sup> He too emphasised the common interests that, however loosely, bind the emerging powers grouping when he said, 'We share with our BRICS partners the imperative need for the reform of global decision-making structures, in order to improve global governance. We single out, in particular, the comprehensive reform of the United Nations and international financial institutions.'<sup>9</sup>

The 'imperative need' to transform the United Nations and international financial institutions cannot and must not be reduced to the narrow agenda of institutional change because what Zuma and his counterparts in BRICS are calling for is something that goes beyond institutional reform. What they are calling for, as alluded to earlier, is a fundamental change in the political and economic relations between countries on the periphery and those that, despite their economic decline since the advent of the global financial and economic crisis in 2008 and the Eurozone economic crisis of today, have still not been dislodged from the core of the global system. The agenda of BRICS, even if it is largely in the realm of aspiration and rhetoric, is therefore potentially counter-hegemonic and subversive in relation to the entrenched interests of developed economies and Western countries. South Africa must, however, be vigilant about the possibility of a tension between strategic cooperation and strategic competition. The worst mistake South African authorities can make is to underestimate the implications of differences in political and economic power between South Africa and its BRICS partners such as China and Russia. At the same time, South Africa must not fall into the trap of exaggerating its capability constraints at the expense of leveraging its potential for soft power and its potential as an engine for growth on the African continent. There must be a realisation that the soft power of the country, if and when deployed judiciously and strategically, can enhance South Africa's position in both BRICS and the African continent to its advantage in the global arena. More important, there must be a realisation that shifts in any system are seldom linear or unidirectional, and shifts in the global system are no exception. Room must therefore be made for the possibility that shifts in the global system, for instance from West to East, will sometimes coincide with attempts to reverse the shifts,

or to retain or deepen the current configuration of economic and political power in the global system.

But Patel reminds us that 'South Africa is of course a privileged member of various other global governance clubs like BRICS: the G-20 heads of state, IBSA (India, Brazil and South Africa) and the Economist Intelligence Unit's CIVETS (Columbia, Indonesia, Vietnam, Egypt, Turkey and South Africa) class of emerging economies. South Africa's inclusion into BRICS then follows a trend of South Africa's membership of these global cliques.' The invitations to all of these groups have partly occurred because South Africa, as a beacon of hope for many in the world, achieved a peaceful transition from apartheid to democracy.

The advent of democracy in 1994 and how it has since been consolidated has been good for the image of the country. However, there is a growing perception of democratic deficits in some sections of South African society. What is perceived as an attack on the independence of the judiciary and media freedom as instanced by the argument by some ANC leaders that the judiciary is usurping the political and policy functions of the executive and legislatures, as well as the tabling of the Protection of State information Bill – a Bill some fear will limit the freedom of the media to expose government corruption – has resulted in the perception that the ANC government seeks to reverse some of the democratic gains that were made with the adoption of the South African constitution in 1996.

In the context of BRICS, is the perception of democratic deficits in post-apartheid South Africa critical? This question dictates that we remember that BRICS consists of three countries with a strong democratic culture (India, Brazil and South Africa), one with a dubious democratic record (Russia) and China, a country where democracy is not the dominant political culture. In addition, China and Russia have no appetite for intervention in the affairs of other countries. This, however, is less about the sovereignty of other countries and much more about non-interference in the affairs of China and Russia themselves. Given the state of BRICS affairs, it is highly unlikely that, if South Africa ever falls from grace, a change of orientation within BRICS will be the main cause. Therefore, if South Africa's appeal is indeed fading, it will be in the eyes of those who look at life through the liberal democratic aesthetic lens.

The question democratic theorists must answer is whether the liberal democratic aesthetic will fade with the ascendance of BRICS, or whether the democratic traditions and instincts of countries such as South Africa, Brazil and India will develop into one of the fault lines that will undermine BRICS. Having said that, it is not unreasonable to examine the possibility that some of those who fought against apartheid were not necessarily fighting for democracy, at least in its liberal democratic incarnation. Deviations

from South Africa's democratic traditions, if they occur, will probably result less from the BRICS context and more from internal contradictions in the ruling party.

In the end, what matters more is the idea that, even if BRICS becomes a threat to South Africa's democratic credentials, the world is not facing the imminent and total reconfiguration of the global balance of forces resulting in a polycentric or multi-polar global order.

Does this mean that BRICS, and any advantage that may accrue to South Africa as a consequence of its membership, is nothing but an ephemeral bleep on the global stage that will pass with an increase in the intensity of internal BRICS contradictions? According to Shyam Saram, India's former foreign secretary, commenting on the declaration that was made public at the end of the fourth BRICS summit in New Delhi, India:

BRICS is here to stay on the international landscape. It has the economic and political heft to play an influential role, provided it is able to act together on key issues. In that sense, the Delhi summit remained mostly a flag-waving exercise. Unlike the Group of Seven earlier, the group lacks a common ideological and cultural underpinning. The security perspectives of its members are not aligned. In terms of economic objectives, they have both convergent and divergent interests. The most realistic prospect for BRICS may be their working as a coalition on issues of common interest such as reform of the international financial institutions, resisting protectionism and promoting development in developing countries.<sup>10</sup>

If Saram is correct, BRICS is here to stay but not as a hegemon. In a multipolar world, South Africa would have to play to its strengths in a multiplicity of multi-lateral bodies.

This brings us to the status of the IBSA (India-Brazil-South Africa) bloc of countries and South Africa's position in it.

Overall, South Africa's membership of all these international groupings may be nothing more than a prestige project, or may be a strategic way of pursuing the national interests of the country. In particular, it may be in the interests of South Africa to remain a member of both BRICS and IBSA.

Some South African commentators are of the view that it will be difficult to balance BRICS and IBSA imperatives without compromising the position and the contribution of the country in one or both groupings. There is also the argument that, given the relative weakness of South Africa, Brazil and India in relation to Russia and China, the IBSA project as a whole is going to be compromised. Critics point to a tension or difference in values between IBSA countries and the Russian and Chinese components of BRICS. This, according to some of these critics, portends a future of philosophical tensions



within BRICS when it is confronted by moral dilemmas such as those pertaining to the position individual BRICS countries must adopt in relation to the Syrian crisis given the fact that Russian interests are directly linked to the survival of the Syrian regime and that China is holding steadfastly to its 'non-interference' principle.

While legitimate questions about points of convergence and divergence between BRICS and IBSA, and within BRICS and IBSA, can be raised, BRICS sceptics tend to overstate the philosophical differences within BRICS. To the extent that they exist, as argued earlier, they represent a 'philosophic' tension between two groups of countries – China and Russia, on the one hand, and South Africa, Brazil and India on the other. In reality, there should be no conflict between South Africa's membership of BRICS and that of IBSA. To expect that there will be no internal contradictions within any multi-lateral body, or between different multi-lateral bodies for that matter, is to be naive in the extreme.

What is more interesting and compelling as an exercise is to do a cost-benefit analysis that is based on the understanding that, on balance, the contradictions must not outweigh the potential benefits of being in BRICS. Also, this means that benefits will accrue precisely because India, Brazil and South Africa succeed at times in acting cooperatively as an IBSA bloc within BRICS. Success in this regard also means that South Africa must view its position and that of its IBSA and BRICS partners more in terms of the 'emerging powers' perspective and less in terms of the 'mercantilist' 'emerging economies' paradigm because in the emerging powers perspective the emerging economies paradigm is embedded. In addition, the difference between the two perspectives lies in the fact that the idea of emerging economies is shaped by a narrow economic logic, or hard power minus guns, while the idea of emerging powers refers to the agency of BRICS in fostering shifts in the global system that will deliver an equitable global economic, social and political order.

The question, therefore, is whether it is through BRICS or IBSA that such a goal can be realised. The answer must lie in leveraging the strengths of both BRICS and IBSA while mitigating the weaknesses and contradictions. For South Africa, however, the challenge is that the extent to which this may be possible is not entirely dependent on any single country and may also be compromised by the vagaries of changing and conflicting interests at the level of the nation-state. In this regard, Mzukisi Qobo, a senior researcher at the South African Institute of International Affairs, maintains that 'The core thrust of the BRIC Forum is to enjoy the privileges previously enjoyed by the countries of the North. Not surprisingly, the BRIC Forum projects itself as an exclusive club, something that may likely entrench the differences between itself and the poorer developing countries.'<sup>11</sup>

Chris Landsberg, Head of Politics at the University of Johannesburg shares the view that South Africa's position and role in BRICS has supplanted its contribution to IBSA with the effect being to relegate IBSA to a second-class multi-lateral forum in relation to BRICS. He also concurs with the view that IBSA has lost its agency in the global struggle against poverty and under-development in developing countries. To remedy this unsatisfactory state of affairs, he proposes that, ' IBSA rekindles a four pronged strategy: (1) enhanced tri-lateral government-to-government collaboration and partnership; (2) globalisation; (3) global political and security governance; and (4) global economic and development architecture.'<sup>12</sup>

It seems that the fear that IBSA may lose its relevance in relation to the influence or position of BRICS in global affairs has given birth to the misapprehension that South Africa's interests in BRICS and the values of IBSA countries are mutually exclusive and cannot be given content outside IBSA. The misapprehension may be based not only on the perception that the influence of IBSA is waning but also on the fear that threats to the interests of IBSA are embedded in the DNA of the permanent members of the UN Security Council, including Russia and China, especially with regard to the monotony with which the permanent members tend to yield to the realist impulse when they deal with conflicts on the global stage. If, on the other hand, the apprehension is not without foundation, BRICS, like the UN Security Council, will fall victim to realist conceptions of international relations at the expense of IBSA, its component countries or less developed countries in general.

Well founded or not, the apprehension does not constitute a compelling argument against an approach which focuses on building a better Africa and world on the basis of a coincidence of multi-lateral engagements. This would go a long way towards giving content to the overlapping agendas of BRICS and IBSA. Whatever the strengths and weaknesses of BRICS and IBSA, South Africa must still examine the impact on its domestic agenda of its involvement in both BRICS and IBSA since some of the contradictions will arise precisely because of conflict with individual BRICS or IBSA partners over issues such as trade policy.

## **DOMESTIC POLICY, THE AFRICAN AGENDA AND THE BRICS EQUATION**

In June 2012, the African National Congress (ANC), the ruling party of South Africa, held its National Policy Conference. The policy conference of the ANC is a forum that crafts the proposed policy framework for the ANC government. Its decisions are, however, not binding and do not become

official ANC policy until they are endorsed by the national conference of the ruling party – the highest decision-making body in the ANC.

The June 2012 policy conference was critical in several respects, including the following:

- It took place in the same year that the ANC was celebrating its one hundred years of existence. Given the ANC's proud history of struggle against apartheid and all forms of institutionalised racism and the fact that South Africa is now nineteen years into its democracy, South Africans and the ANC itself have been raising the question whether the ANC government is – in political, social and economic terms – an improvement on the apartheid government.
- It took place in the same year that, six months later, the ANC would be holding its 53<sup>rd</sup> national conference where a new leadership would be elected and new policies adopted.
- On 27 April 2014, sixteen months after the 53<sup>rd</sup> national conference of the ANC, South Africa will be celebrating twenty years of democracy.

It is, therefore, not surprising that one of the hottest debates at the policy conference revolved around the idea of a 'Second Transition'. The notion of a second transition came from a discussion document that was authored for debate at the policy conference with the title, 'The Second Transition? Building a national democratic society and the balance of forces in 2012'

The basic idea behind the notion of a second transition, without going into a detailed account of the confusing theoretical debate, was that eighteen years into South Africa's post-apartheid democratic order, there had been more success with regard to the consolidation of democracy than there had been when it came to the alteration of economic relations to the advantage of the black majority that was oppressed during the periods of colonialism and apartheid. In the Second Transition discussion document, it is argued that 'Our political transition was never only about freedom from political bondage. From the onset, democratisation was inextricably linked with freedom from socio-economic bondage, captured in the motto: a better life for all.'<sup>13</sup> Furthermore, the authors emphasised the fact that changing the post-apartheid condition was not only about building the institutions of democracy but was also about the alteration of the material conditions of those who were oppressed during apartheid.

Despite the vision of a better life for all South Africans, the post-apartheid order is now suffering from the three plagues of inequality, poverty and unemployment. According to a July 2012 World Bank report: 'South Africa, the continent's largest economy by far and its only G-20 member, displays strikingly high and persistent inequality and marginalisation for

an upper middle-income country. The contradictions, a legacy of the country's apartheid past, are on display mostly along racial lines and spatially demarcated boundaries.<sup>14</sup> According to the report, 'At the heart of high inequality lies the inability to create employment opportunities on a large enough scale. Unemployment stands at 25.2 per cent (33.0 per cent, including 'discouraged' workers), among the world's highest. No surprise then that despite an almost 30 per cent increase in per capita GDP since the late 1990s, reductions in poverty have been modest at best.'<sup>15</sup>

It is for these reasons that the centenary of the ANC, and the fact that South Africa would be celebrating twenty years of freedom in 2014 are significant for reasons that go well beyond the symbolic. Undoubtedly, the ANC government has achieved a lot since the advent of democracy in 1994. However, deficits in the pace, scope and quality of delivery have emerged since then to coincide with objective factors in the global and domestic environment that, to some degree, have militated against optimal delivery by the post-apartheid state. Since 2006, poor communities around South Africa have been engaging in what are popularly known as 'service delivery protests'. These protests are against the failure of the government to deliver houses, running water, electricity, health facilities and other services to poor communities. And until recently, they were urban phenomena, but are increasingly developing a rural dimension. In fact, it is no longer an exercise in political hyperbole to aver that the poor are in rebellion.

At the time of writing, media reports suggested that more than six hundred such protests had taken place since 2006. For instance, according to an August 2012 media report, 113 major protests had been recorded in service delivery hotspots during the first eight months of the year<sup>16</sup>. What this tells us about post-apartheid South Africa is that the substantive dimension of democracy – the delivery of a better life to previously disadvantaged South Africans – is lagging behind the procedural and institutional dimensions. The rebellion of the poor, most of whom are ANC supporters, must be seen in terms of what may be, on their part, the perception of a growing gap between the substantive and procedural dimensions of their democratic experience. This perception is not entirely inconsistent with the analysis of the ruling party in its own discussion documents<sup>17</sup>. The ANC recognises the dangers of the growing gap between what it promises and what the government actually delivers.

Because race was the main social contradiction in South Africa during apartheid, the fact that poverty, unemployment and inequality remain not only intractable but are still social and economic realities which affect black people the most bodes ill for the reconciliation project. Furthermore, the coincidence between class and race continues to be a phenomenon that reflects the poor social and economic conditions of many black people. And

since social and economic privilege still has a predominantly white face, there are concerns that it will be difficult to unite all South Africans behind a common vision for the future of the country. Under these circumstances, a non-racial rainbow nation will remain a dream that is replaced by social, political, racial and class conflict given the fact that inequality is no longer an exclusively inter-racial phenomenon but has developed an intra-racial dimension as well.

The problem with the ANC, however, is that its critique of post-apartheid social, political and economic relations is as sound as any in the South African political discourse. Unfortunately, the critique, which is usually followed by rhetorical commitments to the alteration of the material conditions of the majority, are matched neither by requisite levels of state capacity nor evidence of the political and bureaucratic will to turn things around. As a result, another gap has developed – the gap between the promise of creating a developmental state and the reality of an underperforming post-apartheid state, which consigns the idea of a developmental state to the realm of aspiration.

As indicated above, one of the biggest challenges facing South Africa relates to the failure of South Africans to unite behind a common vision for the future. This failure is primarily a function of history and its impact on race and other relations in modern-day South Africa. Because of this history of colonialism and apartheid, the white minority has become a cultural majority and the black majority has become a cultural minority. The problem with this state of affairs is not limited to the fact that the worldview of the cultural majority remains the defining and dominant feature of South African life. The problem lies in the fact that social, economic and political relations, as well as philosophical, intellectual, cultural and media content are shaped largely by the dominance of the interests of the cultural majority. This, in part, means that, in relation to its orientation towards the global system, South Africa is pulled towards two opposing poles – the Western influence of the cultural majority and the counter-hegemonic instincts of what, during the Cold War, was the liberation movement. Repositioning both South Africa and the African continent, while also reconfiguring the global system, is, therefore, not the shared goal of all South Africans. Nevertheless, it would be erroneous to blame everything on the dominance of the worldview and economic and cultural position of white South Africans.

One of the weaknesses of the ANC government is its failure in the area of public diplomacy. What this means is that the ordinary South African is seldom aware of the logic behind decisions such as joining the BRICS group of countries. One of the implications of this failure is that it is seldom clear to South African citizens what the link is between South Africa's approach

to international relations, the national interest and the country's domestic challenges. In other words, the South African citizen is almost always at a loss when it comes to understanding the link between the promise of a better life for all South Africans and the prosecution of international relations by the ANC government. This confusion, as a result, extends to a lack of appreciation, even if it is at a conceptual level rather than the realm of reality, for what South Africa's involvement in bodies such as BRICS can deliver in relation to the needs of South African citizens. It also does not help that governments, including the South African government, tend to treat international relations and foreign policy as esoteric areas of human endeavour that are beyond the grasp of the so-called masses.

These weaknesses notwithstanding, there can be no doubt that there should be a symbiotic link between South Africa's domestic agenda, the African agenda and the participation of the country in groupings such as BRICS. What needs to be interrogated is whether such a symbiotic relationship does indeed exist. Commenting on public diplomacy, the South African labour federation, the Congress of South African Trade Unions (COSATU), an organisation that is part of the tri-partite alliance with the ANC and the South African Communist Party, argues that:

Public diplomacy is a critical weapon in international relations. It affords states the possibility to engage [their] own populace, account for [their] policy postures and provide a transparent possibility and framework. The creation of the Public diplomacy unit in DIRCO [Department of International Relations and Cooperation] is a critical step forward, but what needs to be done is not only to engage on matters of controversy, but [maintain] a consistent and principled engagement.<sup>18</sup>

While the setting up of the public diplomacy unit is, indubitably, a step in the right direction, what must be borne in mind is the fact that the creation of government structures of this nature does not always result in the eradication of the social distance between rulers and those who are ruled. If the service delivery protests that were alluded to earlier are anything to go by, the lack of responsiveness to the needs of citizens affects areas of government–citizen relations including the international and the domestic.

Given the skepticism about South Africa's involvement in BRICS, has the BRICS membership benefited South Africa's national interests and its domestic agenda in any way?

While it can be argued that the shifts in the global system are still in a nascent stage of development, China is beginning to supplant Europe as South Africa's key trading partner. This means that South Africa's membership of BRICS may compel countries such as the United States of

America to work towards the consolidation of their geo-strategic interests in Africa by consolidating relations with South Africa. This could work to the advantage of South Africa both in the context of BRICS and its domestic and African agendas. What remains a worry, however, is the fact that the balance of trade is still heavily skewed in favour of China, especially in the manufacturing sector where jobs have been lost by South African manufacturing workers. In addition, trade with Brazil and India has delivered modest dividends, resulting in doubts about whether South Africa's fortunes will be better served by its membership of IBSA or BRICS.

At a seminar of the South African Institute of International Affairs, Ambassador HHS Viswanathan, a Fellow at the Observer Research Foundation, argued, as captured in the seminar report, that 'As BRICS expand, IBSA may become more relevant, although the weakest link in IBSA is the trilateral trade'<sup>19</sup> At the same seminar it was argued that this weakness of IBSA as a trade bloc means that BRICS must focus on Africa. This may be an opportunity for African countries such as South Africa to focus on intra-African trade relations. While it is not clear whether IBSA's relevance will improve, as Viswanathan suggests, in the context of an ascendant BRICS, what is interesting about his argument is that it confirms fears about the efficacy of IBSA as a trade bloc and reinforces the theme of the tension between strategic cooperation and strategic competition on the African continent because, as it was argued earlier, some are of the view that African countries such as Nigeria are more deserving of a BRICS status than South Africa.

The challenge for South Africa is to regard the economic growth of countries such as Nigeria, Ghana and Kenya not as threats but as areas of potential growth for South African economic interests. To this end, the fact that the continent is divided, as evidenced by divisions within the African Union on issues such as the Libyan and Ivorian crises, and the battle for the position of Head of the AU Commission between the South African and Gabonese candidates, should not divert South Africa's attention from this goal. The fact that South Africa's African agenda is not always the agenda of the continent should also not detract from the strategic goal of leveraging the advantages that may accrue to BRICS as a whole if South Africa succeeds in selling a version of the African agenda that seeks not only to unite the continent politically but also to reposition South Africa and the continent as key players in a changing global system. All of this will most probably come to naught. However, if it materialises, it will be either because another African country has supplanted South Africa as the biggest economy on the continent, or what is achieved happens despite South Africa's internal weaknesses.



A case in point is the capacity of the South African state and that of the ruling African National Congress to deliver on the promise of a better life for all South Africans. Given South Africa's political reality of single party dominance, the stability of the post-apartheid state may depend a lot on the internal stability of the ANC. A weak and divided ANC cannot deliver positive outcomes on the African agenda, BRICS and IBSA fronts. More important is the possibility that a weak and divided ANC will be unable to lead South African society and unite its citizens behind a common domestic, continental and global agenda.

## THE WAY FORWARD

Given the complex challenges that have been articulated in this chapter, what is the way forward for South Africa? In some ways this question must be answered in terms of the future of the changing balance of forces in the global system, the position of BRICS and IBSA in the global system and the position of Africa and South Africa in BRICS, IBSA and a changing global system. Because all of this is uncertain, the only constant in the global system will, for some time to come, be uncertainty itself. What this means is that South Africa cannot proceed from the assumption that the current shifts in the global system will evolve in a linear fashion, but, at the same time South Africa must not be paralysed by uncertainty.

It needs to make careful calculations, on the basis of objective reality and changes therein, about the opportunities that the shifts in the global system and the uncertainty they have spawned may present to those peoples, countries and parts of the world that, for centuries until the present, have been on the margins of the global system. This South Africa must do, as argued earlier, without forgetting that changes in the global system will not be unidirectional given the possibility that the changes may occur only in the core of the system, instead of the system as a whole, with new hegemony dislodging old ones in the core, or the old ones constituting a counter-movement in a changing but unstable global system.

But, as they say, all politics is domestic. It has already been argued that the South African poor are in a state of rebellion. In addition, it is projected that world food prices, including the price of staples such as maize and wheat, will start rising considerably during the fourth quarter of 2012. This, coupled with the already very high levels of anger and frustration in poor communities, means that domestic priorities will receive greater attention from the ANC government. Ordinarily, this should lead to a shift in emphasis from international relations to domestic policy. However, this is not an option for the ANC government because some of the solutions



to the economic challenges facing South Africa must come from the enhancement of economic relations with countries such as China. Striking a healthy balance between international relations and domestic policy will therefore remain a critical challenge. Having said that, the ability of the ANC to contribute towards the capacity of the South African state to deliver on the promise of a better life for all South Africans is going to come under serious test in the short to medium term. If the leaders who were elected at the 2012 national conference of the ANC fail to stabilise the party, the ANC will fail to provide leadership to society as a whole to the detriment of South Africa's global, African and domestic agendas and its position in the world and on the continent.

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## Epilogue: eThekwini and Beyond

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In the aftermath of the 5<sup>th</sup> BRICS Leadership Summit hosted by South Africa in Durban on 26 to 27 March 2013, there are a number of observations to be made against the background of a dynamic global economic context. Many of these observations serve to amplify commentaries throughout this compilation, which serves as a culmination of thinking that has emerged over the past five years as the nature of BRICS has developed and evolved. These thoughts and observations concern the outcome of the summit, South Africa's role in hosting it and the conduct of its diplomacy in terms of BRICS, and the wider global implications and challenges facing BRICS as a grouping.

For BRICS and for South Africa, the summit was a successful conclusion to the first cycle of Leadership Summits, but also marked the beginning of something new in the spirit of '*a luta continua*'. This should be understandable in the light of the fact that BRICS initiatives are of an ongoing nature and that the nature of the grouping is evolving over time. At the Durban Summit, concrete benchmarks were met and BRICS was set on a course that aims at fashioning a supplemental system of global economic governance more favourable to challenges facing what the 'eThekwini Declaration' termed Emerging Market and Developing Countries (EMDCs). In measured euphemism, and in an obvious attempt to avoid emphasising the divisions between the BRICS and other EMDCs and developed countries, the declaration noted that 'the prevailing global governance architecture is regulated by institutions which were conceived in circumstances when the international landscape in all its aspects was characterised by very different challenges and opportunities.'<sup>1</sup>

Given the high global economic stakes, this caution was all for the good. The high stakes refer to the dialectical interplay involving sub-ordinal power 'shifts and counter-shifts'; these dynamics in the global economy are triggered by the economic centre of gravity shifting towards the east and

the south, with the north and the west attempting to counter this shift. The latter dynamic has the potential to further sharpen polarity between the G7-based transnational corporate suborder and a China-led BRICS/EMDC sub-order of state capitalism within a transitional global system. This economic 'cold war' potential fuels perceptions, rightly or wrongly, that although BRICS allegedly seeks to reform rather than overturn the global order, they want to reform it *against rather than with* the West.

The fault-lines in this emerging new order revolve to some extent around the stalled World Trade Organization's Doha developmental trade round. The BRICS countries are committed to Doha's completion. However, the Doha stalemate has motivated mega Free Trade Agreement initiatives by the US, the EU and Japan. These could call into question the viability of the WTO and other preferential arrangements benefiting Africa such as in the extension of the US-legislated African Growth and Opportunity Act (AGOA).<sup>2</sup> Perhaps the realities of global integration and interdependence (not least between the US and China in a veritable 'G2') will augur more in the direction of convergence than divergence. However, these latter initiatives by the US, EU and Japan could be perceived as a preemptive 'empire strikes back,' hitting before China and India can consolidate the inter-Asian subsystem.

Thus, on a note of vigilance, the BRICS Trade and Economic Network (BRICS TERN) meeting in Durban on the heels of the 5<sup>th</sup> BRICS academic forum issued a resolution recommending:

That BRICS follow closely the negotiation of the Trans-Pacific Partnership and Trans-Atlantic Free Trade Agreement with a view to better understanding the impact of such mega regional trade agreements on the multi-lateral trading system. In this regard, the BRICS TERN expressed concern about the lack of transparency in these negotiations and the implications for the primacy of the WTO rules.<sup>3</sup>

In fact, on the eve of the BRICS Leadership Summit in Durban, the EU and Japan added yet another dimension to these transatlantic-Pacific initiatives. They opened their own talks which would close the circle of G7 mega trade alignment.<sup>4</sup> A BRICS-based global economic alignment, on the other hand, carries with it a demographic market potential for possibly offsetting US-EU-Japan manoeuvring around the Doha stalemate. That is, provided there is sufficient intra-BRICS/EMDC trade and developmental integration overcoming the geopolitical-economic contradictions clearly evident within and amongst the BRICS.

It is an open question as to whether the BRICS and other emerging economies can or will decouple their economies from Western markets and/

or consolidate a trade bloc of their own. This is where an ASEAN market consolidation extending into the Regional Comprehensive Economic Partnership (RCEP) bears watching, especially if joined by India which has been negotiating an FTA with the EU. Otherwise, joining the RCEP would consummate a 'Chindian' intra-BRICS trade dimension.<sup>5</sup>

## REFLECTIONS ON DURBAN

In the meantime, Africa, including South Africa, is caught in the middle of a G7-BRICS dynamic with the continent having to navigate an array of developed and EMDC suitors for its ample resource endowment. Thus, Africa was very much at the centre of the eThekweni BRICS agenda in Durban. From a pan-Africanist global South vantage point, there is a dual BRICS–Africa agenda. On the one hand, there is need for a more formalised BRICS (or BRICS+6)-G7 economic governance dialogue. This could happen within the context of G20. The aim: to arrive at a new equilibrium within global economic realities. On the other hand, there is need to establish an AU/NEPAD-BRICS forum. This latter structure would do two things:

- Provide South Africa with legitimacy that goes beyond its default and un-mandated leadership role in Africa.
- Enable Africa to assume a more proactive posture of coordinated management of BRICS and other external influences impinging on the continent.

This dual agenda is something that South Africa needs to work towards during its year as chair of BRICS and in preparation for the 2014 Leadership Summit, in order for BRICS to pursue 'deeper cooperation with the African Union'.<sup>6</sup> Having leaders of African institutions and regional economic communities at the summit was a good start. The main focus of attention, however, was on the much anticipated, and much speculated upon BRICS development bank.

While it will take some time for the development bank to become operational, the BRICS leaders did determine that such a bank was feasible and therefore should be established. A key question is whether and to what extent its actual establishment is feasible. Given multiple asymmetries amongst the BRICS countries in the ability to afford start-up capitalisation, the question emerges as to whether it will be a 'BRICS bank' or a 'BRICS-led bank' with non-BRICS members, including developed countries, as shareholders. This seemed to be a major point of controversy within the grouping,

centring on internal tensions within the Russia-India-China (RIC) 'triangle of ambivalence'.

China's overwhelming financial reserve capacity and the extent to which it can be contained sufficiently to ensure equity amongst the BRICS in terms of the influence of each country hangs in the balance. India needs the bank as a source for financing an infrastructure backlog comparable to Africa's infrastructural needs. The new bank would be an ideal vehicle for indirectly rather than directly sourcing Chinese capital so as to avoid becoming Beijing's economic colony on the road to 'Chindian' regional integration. Thus, there was intense behind-the-scenes jockeying amongst the BRICS countries over the nature and extent of influence each country will have over this new institution. This uncertainty generated scepticism in the Western financial press about the prospects of the new development bank.

The summit decision on the BRICS development bank was complemented by a decision by the leaders to establish a Contingent Reserve Arrangement (CRA) of US \$100 billion as a financial safety net to 'forestall short-term liquidity pressures' that BRICS countries might experience and 'to provide mutual support and further strengthen financial stability.'<sup>7</sup> Other notable outcomes of the 2013 BRICS events included the launching of the BRICS business council and the establishment of a forum on state-owned enterprises. Although not established, the BRICS trade union forum aspires to form a labour council.

Given the Congress of South African Trade Union's China-based scepticism of BRICS, a labour council complement to the business council may reveal much about the nature and extent of intra-national and transnational class contradictions within BRICS. In turn, it will show how these contradictions may affect intra-BRICS economic cohesion. Otherwise, BRICS reflects the rise to power of a much broader capitalist class in the emerging economies and the increasing trans-nationalisation of their capital. Problematising this phenomenon revolves especially around China. The de-industrialising challenge posed by Chinese capital to working class jobs and job creation in other emerging and developed economies alike is of major international concern. China's economic threat reinforces the challenges facing national capital within each of the other BRICS countries as well.

This reflects the fragility of a global economy where unemployment poses major problems confronting social cohesion and political stability. This could potentially complicate South Africa's BRICS agenda on the continent. Here, China's prominence in BRICS and emergence as a leading economic actor in Africa is coming under increasing critical scrutiny. Nigerian central bank governor Lamido Sanusi launched a widely publicised critique of Sino-African economic relations in the run-up to the Durban BRICS summit. This criticism and its timing could be interpreted as a 'shot across the bow'

in the widely perceived continental leadership sweepstakes between Abuja and Tshwane-Pretoria.<sup>8</sup>

In spite of all these tensions and contradictions and widespread media scepticism, especially from the West, it can be stated that the BRICS Summit was a political and diplomatic success for South Africa. However, there was a certain measure of disarray surrounding the 5<sup>th</sup> BRICS academic forum, which could be indicative of dysfunction in the country's research sector and the attendant crisis facing South Africa's foreign affairs intelligence. This confusion and lack of clarity does not reflect or bode well for the effective governance of South Africa's policy apparatus in and outside government.

## TRACK 2 OFF THE RAILS?

Whereas in all other BRICS countries track 2 engagements are the domain of foreign ministries interacting with non-governmental think tanks engaged in foreign policy analysis and economic diplomacy as well as related faculties in the academy, South Africa operates on a different logic. In a move that was not explained and that appeared rather arbitrary, the Department of International Relations and Cooperation (DIRCO) decided to hand over the arrangement of the annual Academic Forum to Higher Education South Africa (HESA) and later to the Department of Higher Education and Training (DHET). DIRCO acted in such a way that placed in question the department's understanding of the role of academia and the tertiary education sector and that of the International Relations, Peace and Security Cluster (or IRPSC).

What is especially problematic is that this 'outsourcing' is not an isolated phenomenon. In fact, it reinforces a questionable precedent set by DIRCO as to how track 2 activities relating to IBSA and the Indian Ocean Rim Association for Regional Cooperation are handled. The latter approach tends to downgrade the participation of those in civil society most involved with BRICS, IBSA and the Indian Ocean.

Employing a narrow and quite literal interpretation of 'academic', DIRCO passed all planning and preparation for the 5<sup>th</sup> Academic Forum on to HESA and DHET. The Human Sciences Research Council (HSRC) was then approached at the eleventh hour to 'incubate' a national BRICS think tank while representing South Africa on the BRICS Think Tank Council (BTTC) a body that was created at a workshop held in Durban on 8 and 9 March 2013. On the surface at least, the Academic Forum proved useful. It was not an embarrassment. However, it remains to be seen how DIRCO, DHET, HESA and the HSRC – the 'steering committee' for the 5<sup>th</sup> BRICS Academic Forum

– will ensure the credibility of South Africa's official institutional research approach to BRICS and interaction with civil society on BRICS matters.

Apart from these internal issues, some within the BRICS scholarship network have begun questioning the utility of BRICS academics that tie themselves closely to government-sponsored forums. This attitude stems from the generally short-term politico-diplomatic expediencies of their governments. Certainly in the South African case, the manner in which the government approached the 5<sup>th</sup> BRICS Academic Forum raised real concerns for civil society and research organisations within the IRPSC cluster. It challenged their understanding of what it means to engage government in a way that ensures that their knowledge, experience and expertise is valued and taken seriously when most needed in Track 2 situations aimed at enriching the intellectual content of statecraft and diplomacy.

Otherwise, if this capacity – which South Africa's government needs – is treated cavalierly and in a manner that is not transparent and that marginalises this constituency at moments when its expertise should be brought to bear in the national interest, South Africa's civil society and think tank community could be facing a crisis of identity. It would be a crisis pertaining to terms of engagement: how and on what terms should the government be engaged? The fact that a much-anticipated South African 'council of international relations' (SACOIR) has yet to be recruited and operationalised is indicative of the government's ambivalence about engaging its foreign affairs stakeholders outside its domain.

Apart from the challenges facing the research community in South Africa, it is quite possible that the cross-cultural contradictions of BRICS are a potentially complicating factor in the academic and think-tank realm. They include certain topics that are considered to be 'off the table', but that should in fact be open to free and honest debate, such as BRICS–IBSA relations and geopolitical-security issues animating the RIC 'triangle' within BRICS. The latter is a reflection of very real tensions existing between India and China and the pervasiveness of the party-state in China's policy research apparatus which, to a certain extent, applies in Russia's case as well. In the light of all the 'track 2 challenges' discussed, here it can be said that the South African Academic Forum experience – which, in some ways, was inadvertently set up by the change in terminology from Beijing's 'think-tank symposium' to New Delhi's 'academic forum' – is indicative of a much wider vacuum. This was caused by the lack of coherent post-apartheid policy planning within South Africa's governing apparatus.

The overall governing machinery itself, reflecting tensions in the ruling alliance, appears to be riven with factionalism. This influences a culture of narrow expediency and competitively 'siloed' non-strategic approaches to governance. This predicament, more than anything else, should generate



introspection about South Africa's capacity to hold its own within BRICS as a strategic interlocutor, with the rest of Africa, and, more broadly, in the conduct of Tshwane-Pretoria's wider diplomacy. This is a function of the fact that the state lacks a mobilising national security and development strategy. This should be considered the primary motivation for the post-apartheid integration project of forging social cohesion and a coherent national identity in order to interact with the rest of the continent and the world. As such, national integration is the implied leitmotif of the security interest of each BRICS country in their respective external relations, as it informs their diverse agendas in BRICS as a vehicle for reform in the global order.

## INTRA-BRICS INTEGRATION CHALLENGES

Within the BRICS dynamic, the national integration agenda of each country should inform a wider transnational trajectory towards integration at regional and continental level as the developing world seeks equilibrium in global power relations. This multilayered and multifaceted process is conveyed in this compilation with the diverse perspectives offered by researchers from each of the BRICS member states. As such, the editors have attempted to contextualise the geopolitical and strategic regional imperatives of each country. They seek to illustrate how these different imperatives may contribute to intra-BRICS tensions as each country aspires to global objectives on the one hand and the regional dynamics on the other, in ways that can lead to tension and conflict.

BRICS serves as kind of a vanguard collective of emerging powers, determined to change the global economic landscape, thereby leading emerging powers and developing countries in reshaping the international system. Yet, its internal contradictions continue to generate scepticism about its capacity to deliver on a revisionist agenda. It is therefore hoped that the diversity of perspectives offered by the contributors to this volume lends greater insight into the forces driving the national strategy of each of the BRICS countries in addressing local, regional and global challenges.

The fact that BRICS intersects with important regional or inter-regional initiatives, both within and overlapping the northern and southern hemispheres, should reveal both the strengths and weaknesses of BRICS as a vehicle for global change. There are many outstanding questions that can only be answered over time as to how decisive BRICS is as an agent of change in a multi-lateral context and how able the group is to lay the foundation of a new global order.

In the wake of eThekweni, there is another question outstanding: can BRICS consolidate its identity as the leader of an alternative but responsive sub-order, doing this as well as engaging with the US-led Western alliance? Might this happen before the respective recoveries of America and Europe gain transatlantic – and trans-Pacific with Shinzo Abe's Japan – momentum? If so, the combined impact of mega-FTAs could tilt the global economic balance back toward the North. Moreover, the sub-orders, affiliated regional subsystems and the multi-lateral alignments comprising them are in varying states of flux. Thus, the conventional wisdom of a West-to-East/ North-to-South power shift within the global political economy may be much too facile a notion to stand the test of time.

International relations are never static. It may well be that the trends and counter-trends (or shifts and counter-shifts) animating a changing international system may 're-balance' into a state of dynamic equilibrium. This re-balancing has to do with the economic slowdown and internal political tensions that each BRICS country is undergoing. National integration – which is so essential – remains a 'work in progress' for each BRICS country as each has had to balance impressive but now slowing growth rates with widening inequalities. This growth momentum has predictably fueled 'revolutions of rising expectations'. Governance issues of political participation, accountability, anti-corruption and socio-economic delivery reflect variations along a common theme for each of the BRICS countries.

In the meantime, while Europe continues to grope for a solution that revives the dynamism of its integration project, economic recovery in the US has been on a firmer footing bolstered by new-found hydrocarbon production capacity. Could it be that this may sufficiently offset prospects of 'Chindian' economic growth overtaking the US and European economies and give a 'second wind' to American primacy? Further, what if renewed momentum toward a northern transatlantic economic community gains traction alongside the emergence of a more federal Europe as a solution to the Eurozone crisis?

Here, the possibilities are endless given the demographic electoral consolidation resulting from President Barack Obama's re-election. His fracturing of the American 'solid South,' including the splitting of the Cuban vote (in his favour) in a Latino electoral ascendancy that placed Florida in his column could conceivably also lay conditions for expanding the North American Free Trade Area (NAFTA) into the Caribbean. The lifting of the US trade embargo against Cuba could set such a scenario as Cuba moves toward a post-Castro transition. It would also end the last vestige of the Cold War in the western hemisphere.

The fact of the matter is that the global political economy is in play not only in terms of international developments but also in terms of

intra-national dynamics. In a world of economic interdependence and integration, these dynamics can resonate in ways that reshape geopolitical-economic landscapes. The fluidity of these circumstances poses challenges for BRICS as each member country faces what remain serious national integration issues. While Brazil seems comparatively less affected by such domestic challenges, Russia, India, China and South Africa have much to contend with on their domestic plates.

Sub-national regionalisms within BRICS states also present major challenges to national cohesion in both Russia and India. Moreover, Russia's demographic decline and its Eurocentric leanings in its OECD quest place it closer to Europe than to Asia and are reflective of an ambivalent national identity. This is made all the more complicated given Beijing's trajectory toward economic dominance of east-central Eurasia. In India, national cohesion, which would seem pre-conditional to a renewed dynamism, is increasingly challenged by a democratic system that is structured in such a way as to exacerbate regional sub-nationalist self-determination. Unfortunately, this is at the expense of the governing centre which can be 'blackmailed' on critical issues of economic policy.

These shifting centre-periphery contradictions within Indian federalism are accompanied by unresolved 'national questions' in the eastern region of the country where perceptions of alienation periodically erupt into socio-racial and religious sectarian violence. These contradictions revert back to issues of poverty, inequality and underdevelopment, and are at least partially reflected in the unacceptable levels of gender violence in India, an affliction visited upon South Africa as well. These issues raise serious questions about whether or not central government in India can become sufficiently assertive in pushing economic reforms (which may encounter headwinds in the states) in order to overcome the fact that India suffers more poverty than all of sub-Saharan Africa. All this is in spite of the growth of a sophisticated urban and cosmopolitan pan-Indian bourgeoisie.

## A SINO-INDIAN PIVOT?

The fulcrum of a BRICS consolidation – and momentum in the global political scenario – may well revolve around the extent to which India and China are able to cultivate a pan-Asian 'Chindian' integration. This would turn their regional rivalries and border tensions into a 'win-win' situation wherein India's huge market, demographic dividend and recovery of high growth rates offer an ideal destination for China's surplus foreign exchange reserves, and where Chinese capital and expertise would benefit India's manufacturing and infrastructure sectors. This seems, at least in part, to

inform India's interest in a BRICS development bank. There is a symbiotic logic to such economic integration as China's demographic is aging and in potential decline, whereas India's trajectory is still youthful and on the increase, pending the deepening of lagging socioeconomic development. In combination, these two Asian giants may be able to find a way out of increasing inequalities between rich and poor which, especially in China's case, are beginning to pose a threat to social stability and also pose challenges to a ruling communist party under mounting pressure to embark on political reforms.

The question of whether and how China's elite is able to embark on a reform path ensuring stability amplifies national integration issues that remain unresolved in terms of Tibet and Taiwan, and to an extent in Hong Kong as well. Hong Kong successfully resisted the imposition of a mainland education agenda in 2012. Within this context Beijing may well need to adopt a more democratic system of cultural autonomy tailored to the differing circumstances of Tibet, Taiwan and Hong Kong within a 'One China' framework. However, this does not necessarily imply installing a western-type political system. Indeed, western-style democracy in a climate of surging nationalism, as has clearly been underway in China in the leadership turnover in November 2012, might be a formula for conflict given flashpoints with Japan and other Asian claimants in South and East China Sea disputes. The fact that party chairman Xi Jinping came into the presidency with a widely perceived closeness to an assertive military establishment generated broad speculation as to where China's leadership transition might evolve.

More to the point in terms of China's stability and leadership is whether or not some form of democratisation within the CCP will help it defuse rising social pressures for change from below within Han China proper. Instability within China could have adverse spillovers in its regional neighbourhood. Already, Beijing's geostrategic compulsions regarding the South China Sea point toward maritime security as a major item on the world's agenda. This is all the more reason for the IBSAMAR countries (India-Brazil-South Africa) to collectively work towards building a multi-lateral maritime security and oceans governance cooperation regime in the South Atlantic and the Indian Ocean.

This could pre-emptively accommodate sea-born communication links, including those of China. Such an initiative might underscore the urgency of a similar framework being constructed in the Indo-Pacific with the potential to stabilise maritime relations along China's periphery (which is where an 'Indo-Pacific maritime energy security forum' makes sense as opposed to its being posed in zero-sum terms as an alternative to IBSA bypassing IBSAMAR). In any case, Indian Ocean community building should reinforce

the CHIMEA nexus of Afro-Asian and Middle Eastern commercial and trade relations in the west-to-east economic shift.

Furthermore, alongside the deficiencies referred to in South Africa's governance machinery above, the post-apartheid nation-building struggle towards national integration was on full display in 2012 with the Marikana incident on the Platinum mines. This was symptomatic of deeper problems internal to the ruling alliance. To some extent it was also a reflection of contradictions between domestic governance and foreign policy. The fact that, at a time when it was celebrating its centenary, the ruling party was embroiled in internal factional power-struggles to an extent overshadowing effective governance was widely indicative of the challenges confronting South Africa as Africa's premier economy and as the newest member of BRICS.

However, the diplomatic success of the Jacob Zuma administration in navigating South Africa's accession into the ranks of what had been BRIC, followed by manoeuvring former foreign minister Nkozasana Dlamini-Zuma into the chairmanship of the AU Commission, says much about South Africa's potential to lead Africa. The question is: can South Africa sustain such a track record? Can its leadership within the AU steer that body onto the kind of regional and continental integration growth path that enhances the power of both South Africa and Africa in the global arena? Based on the strength of Durban, perhaps so.

But here, regarding how Tshwane-Pretoria's continental leadership relates to BRICS, a caution is in order. There is a tendency in a number of media commentaries on BRICS to separate South Africa from this grouping and to continue referring to 'BRIC.' Should this follow the same course as a pattern among the G8 where the G7 have their own consultations minus Moscow, this will undermine South Africa's BRICS membership and raise broader implications for Africa. The 'big boys' will be seen to be relegating South Africa and Africa into a new hierarchy of inequality in an international system still trying to overcome the racial order of a latter-day imperialism. In so doing, BRICS will have defeated its purpose and will forgo legitimacy in the perception of the Global Africa.

## ALTERNATIVE FUTURES

What the forgoing is intended to convey is that embedded in BRICS is much of the baggage emanating from the multiple strategic and internal contradictions of its members. As such, it is still unclear as to how sustainable BRICS is at the apex of an alternative suborder to that of the West. Either it will consolidate into a revisionist negotiating caucus within and outside

the global economic governance confines of the G20 or it will become something of a way-station accommodating the diverse national agendas of its members.

These include the internationalising of China's currency over and above a BRICS development bank or Russia's accession to the OECD while pursuing a Eurasian Union as a competitive initiative at the expense of a more cohesive and China-led SCO. Much of the future of BRICS resides with where China and Russia are headed interacting with India in their ministerial tri-lateral which, in many respects, forms the Eurasian RIC core of BRICS (and which may determine the fate of the BRICS development bank). India, Brazil and South Africa already have their own functioning trilateral forum, in its 10<sup>th</sup> anniversary year, to fall back on. IBSA reflects a more clearly resolved global South cooperation agenda. The choices facing BRICS countries are not either-or, but are multi-faceted and multi-layered.

Finally, it is possible that the agendas of BRICS can also extend to factor in the far-flung BRICS diasporas in other countries, although these diasporas may not necessarily see eye-to-eye with their respective 'motherlands'. In any case, 'laying the BRICS of a new global order' should no longer be conceived solely as a Westphalian state-centric project. There are extensive non-governmental and non-official vistas of interaction, including transnational social networks that are constantly expanding in the Age of Global Integration. The creation of different BRICS forums, councils and specialist networks is indicative of this potential 'deepening.' As such, BRICS should be viewed as a 'catalytic converter' driving global change. It is possibly the strategic focal 'point-of-departure', around which the political imaginings of a federalised global economic order will take shape irrespective of the future of BRICS itself. BRICS are simply the building blocks being laid!

## ENDNOTES AND REFERENCES

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- 2 Mario Oriani-Ambrosini, 'US trade stalemate pregnant with possibility,' *Business Day*, 12 March 2013. Also: 'Japan and EU to start talks on trade deal,' *Financial Times*, 26 March 2013, p. 4; 'Five questions for the world's next trade chief,' by Robert Zoellick, *Financial Times*, 2 April 2013, p. 9. Regarding African implications: 'Can member states develop a meaningful trade agenda,' by Peter Draper, *Business Day*, 2 April 2013.
- 3 BRICS Trade and Economic Network Resolution Adopted in Umhlanga, 14 March 2013, recommendation 5. Also: 'Transatlantic free trade promises bigger prize,' by Philip Stephens, *Financial Times*, 15 February 2013 and 'US trade stalemate pregnant with possibilities,' by Mario Oriani-Ambrosini, *Business Day*, 12 March 2013.
- 4 'Japan and EU to start talks on trade deal,' *Financial Times*, 26 March 2013, p.4.

- 5 See: 'Stiglitz's warns – TPP Partnership of US with other countries is dangerous', 19 March 2013 at <http://don'ttradeourlivesaway.wordpress.com/2013>
- 6 5<sup>th</sup> BRICS Academic Forum: Recommendations to the 5<sup>th</sup> BRICS Summit, Durban, South Africa, 2013.
- 7 BRICS: eThekweni Declaration, Op. Cit. paragraph 10.
- 8 'Sanusi: China is a major contributor to Africa's deindustrialization,' *ThisDay*, 13 March 2013. Originally published in the *Financial Times*, accompanied by front feature article and carried in the South African Foreign Policy Initiative (SAFPI) service.





# Laying the BRICS of a New Global Order

## FROM YEKATERINBURG 2009 TO ETHEKWINI 2013

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The contributions in this compilation on the emergence of a new global order through BRICS serve to illustrate the complexities inherent in the creation of such a coalition – alternatively referred to as a “grouping”, “association” or “forum” – with each country differently situated geo-politically as well as ideologically and culturally, and in some instances even in conflict with one another in matters of regional peace and security. The fact that there are important commonalities of converging interests, amongst others, the status of emerging economic powers and the furtherance of South-South cooperation as well as reforming global governance, cannot and should not hide complexities and contradictions. These are clearly apparent both within and between the BRICS countries. These diversities are also clear from the varied perspectives of the chapter authors in this compilation, which is why we have assembled this collection relatively loosely as a means of expressing our intellectual and analytic convergences and divergences within and across BRICS. Each chapter contributor writes from a different discipline, country and regional perspective, and it is this diversity that enriches the debate and conversation. As such, there remains enormous room for debate on the subject matter of this book and the diverse contributions open up the parameters of the debate even further. The aim is to ensure that scholars, commentators and practitioners continue to engage critically with theory and practice related to global multilateralism, and BRICS in particular.

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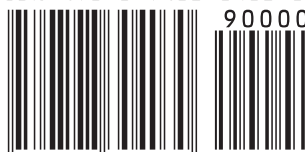
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